



## RAINBOW CHILDREN'S MEDICARE LIMITED

Our Company was originally incorporated as 'Rainbow Children's Medicare Private Limited' under the provisions of the Companies Act, 1956, as a private limited company, at Hyderabad, Telangana, pursuant to a certificate of incorporation dated August 7, 1998, issued by the Registrar of Companies, Hyderabad at Telangana ("RoC"). Subsequently, our Company was converted into a public limited company, and the name of our Company was changed to 'Rainbow Children's Medicare Limited' pursuant to a special resolution passed by the Shareholders of our Company on November 3, 2021 and a fresh certificate of incorporation was consequently issued by the RoC on November 20, 2021 under the Companies Act, 2013. For further details in relation to the changes to the name of our Company and the Registered Office, see "History and Certain Corporate Matters" on page 215.

**Registered Office:** 8-2-120/103/1, Survey No. 403, Road No. 2, Banjara Hills, Hyderabad – 500 034, Telangana, **Telephone:** + 91 40 49692244

**Corporate Office:** 8-2-19/1/A, Daultel Arcade, Road No. 11, Banjara Hills, Hyderabad – 500 034, Telangana, **Telephone:** +91 40 49692244

**Contact Person:** Ashish Kapil, Company Secretary and Compliance Officer

**E-mail:** companysecretary@rainbowhospitals.com; **Website:** www.rainbowhospitals.in; **Corporate Identity Number:** U85110TG1998PLC029914

**OUR PROMOTERS: DR. RAMESH KANCHARLA, DR. DINESH KUMAR CHIRLA AND DR. ADARSH KANCHARLA**

**INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF RAINBOW CHILDREN'S MEDICARE LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"), COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 2,800 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 24,000,900 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE SELLING SHAREHOLDERS REFERRED TO IN ANNEXURE A (THE "OFFER FOR SALE"). THE OFFER INCLUDES A RESERVATION OF UP TO 300,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION (CONSTITUTING UP TO [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL) FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WOULD CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND, THE EMPLOYEE DISCOUNT, IF ANY, WILL BE DECIDED BY OUR COMPANY, DR. RAMESH KANCHARLA (ACTING ON BEHALF OF THE OTHER PROMOTER SELLING SHAREHOLDERS AND THE OTHER SELLING SHAREHOLDER) AND THE INVESTOR SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BRLMs, AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY, DR. RAMESH KANCHARLA (ACTING ON BEHALF OF THE OTHER PROMOTER SELLING SHAREHOLDERS AND THE OTHER SELLING SHAREHOLDER) AND THE INVESTOR SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BRLMs, AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER [●], ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER [●] AND [●] EDITION OF THE TELUGU NEWSPAPER [●] (TELUGU BEING THE REGIONAL LANGUAGE OF TELANGANA, WHERE OUR REGISTERED OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").**

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of *force majeure*, banking strike or similar circumstances, our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Member(s) and by intimation to the Designated Intermediaries and the Sponsor Bank, as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR, read with Regulation 31 of the SEBI ICDR Regulations, and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), and such portion, the "QIB Portion", provided that our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis (the "Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from the Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective ASBA accounts and UPI ID (in case of Retail Individual Bidders using UPI Mechanism), if applicable, in which the corresponding Bid Amounts will be blocked by the self-certified syndicate banks ("SCSBs") or under the UPI Mechanism, as applicable, to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. See "Offer Procedure" on page 407.

### RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each. The Floor Price, Cap Price and Offer Price determined by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "Basis for Offer Price" on page 124, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of, or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 35.

### OUR COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Selling Shareholders, severally and not jointly, accepts responsibility for, and confirms, that the statements specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus, to the extent that the statements and information specifically pertain to such Selling Shareholder and the Equity Shares offered by such Selling Shareholder under the Offer for Sale, are true and correct in all material respects and are not misleading in any material respect. Each Selling Shareholder, severally and not jointly, assumes no responsibility for any other statement, including any of the statements made by or relating to our Company or its business or any other Selling Shareholder.

### LISTING

The Equity Shares, once offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 490.

### BOOK RUNNING LEAD MANAGERS

| BOOK RUNNING LEAD MANAGERS                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                 | REGISTRAR TO THE OFFER                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| <b>Kotak Mahindra Capital Company Limited</b><br>27 BKC, 1st Floor, Plot No. C – 27<br>"G" Block, Bandra Kurla Complex<br>Bandra (East), Mumbai 400051<br>Maharashtra, India.<br><b>Telephone:</b> +91 (22) 4336 0000<br><b>E-mail:</b> rainbow ipo@kotak.com<br><b>Website:</b> http://investmentbank.kotak.com<br><b>Investor Grievance ID:</b> kmccredressal@kotak.com<br><b>Contact Person:</b> Ganesh Rane<br><b>SEBI Registration Number:</b> INM000008704 | <b>J.P. Morgan India Private Limited</b><br>J.P. Morgan Towers<br>Off CST Road, Kalina, Santacruz East<br>Mumbai 400 098<br>Maharashtra, India<br><b>Telephone:</b> +91 (22) 6157 3000<br><b>E-mail:</b> RAINBOW_IPO@jpmorgan.com<br><b>Website:</b> www.jpimipl.com<br><b>Investor Grievance ID:</b> investorsmb.jpimipl@jpmorgan.com<br><b>Contact Person:</b> Saarthak K Soni<br><b>SEBI Registration Number:</b> INM000002970 | <b>IIFL Securities Limited</b><br>10th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg<br>Lower Parel (West)<br>Mumbai 400 013<br>Maharashtra, India<br><b>Telephone:</b> +91 (22) 4646 4600<br><b>E-mail:</b> rainbow.ipo@iiflcap.com<br><b>Website:</b> www.iiflcap.com<br><b>Investor Grievance ID:</b> ig.ib@iiflcap.com<br><b>Contact Person:</b> Shirish Chikalgale / Dhruv Bhagwat<br><b>SEBI Registration Number:</b> INM000010940 | <b>KFin Technologies Private Limited (formerly known as Kavya Fintech Private Limited)</b><br>Selenium, Tower-B<br>Plot 31 and 32, Financial District<br>Nanakramguda, Serilingampally<br>Hyderabad, Rangareddi 500 032<br>Telangana, India<br><b>Telephone:</b> +91 40 6716 2222<br><b>E-mail:</b> rcml.ipo@kfintech.com<br><b>Website:</b> www.kfintech.com<br><b>Investor Grievance ID:</b> einward.ris@kfintech.com<br><b>Contact Person:</b> M Murali Krishna<br><b>SEBI Registration Number:</b> INR000000221 |

### BID/OFFER PROGRAMME

|                            |  |     |
|----------------------------|--|-----|
| <b>BID/OFFER OPENS ON</b>  |  | [●] |
| <b>BID/OFFER CLOSES ON</b> |  | [●] |

\*Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date.

\*\*Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise implies or requires, or unless otherwise specified, shall have the meaning as assigned below. References to statutes, rules, regulations, guidelines and policies will, unless the context otherwise requires, be deemed to include all amendments, modifications and replacements notified thereto, as of the date of this Draft Red Herring Prospectus, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.*

*Notwithstanding the foregoing, terms in “Industry Overview”, Key Regulations and Policies”, “Statement of Special Tax Benefits”, “Financial Information”, “Basis for Offer Price”, “Outstanding Litigation and Other Material Developments”, “Objects of the Offer”, “History and Certain Corporate Matters”, “Financial Indebtedness”, and “Description of Equity Shares and Terms of Articles of Association”, on pages 133, 203, 128, 259, 124, 370, 112, 215, 369 and 429, respectively, will have the meaning ascribed to such terms in those respective sections.*

#### Company and Selling Shareholders related terms

| Term                                             | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “our Company”, “the Company” or “the Issuer”     | Rainbow Children’s Medicare Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 8-2-120/103/1, Survey No. 403, Road No. 2, Banjara Hills, Hyderabad – 500 034, Telangana.                                                                                                                                                                                                                                                                                                                                    |
| “we”, “us”, or “our”                             | Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries.                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| “Articles” or “Articles of Association” or “AoA” | The articles of association of our Company, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Amendment Agreement”                            | The amendment agreement dated December 24, 2015 amongst Dr. Ramesh Kancharla, Padma Kancharla, Dr. Adarsh Kancharla and Dr. Dinesh Kumar Chirla, CDC Group, CDC India and the Company to the Initial Agreement.                                                                                                                                                                                                                                                                                                                                            |
| “Amended and Restated Shareholders’ Agreement”   | The amended and restated shareholders agreement dated December 24, 2015, subsequently amended on March 29, 2016 and further amended on December 21, 2021 by and amongst our Company, Dr. Ramesh Kancharla and Dr. Dinesh Kumar Chirla, Padma Kancharla, CDC Group and CDC India. Further, our Company, Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla, Ms. Padma Kancharla and CDC entered into a deed of adherence dated August 24, 2018 with Dr. Adarsh Kancharla, in accordance with the provisions of the Amended and Restated Shareholders’ Agreement. |
| “Audit Committee”                                | The audit committee of our Board constituted in accordance with the Companies Act and the Listing Regulations, and as described in “Our Management” on page 227.                                                                                                                                                                                                                                                                                                                                                                                           |
| “Board” or “Board of Directors”                  | The board of directors of our Company, as described in “Our Management” on page 227.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “CCPS” or “Preference Shares”                    | Collectively, the Series A CCPS and Series B CCPS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “CDC”                                            | Collectively, CDC Group and CDC India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “CDC Group”                                      | CDC Group plc, a public limited company incorporated under the laws of England and Wales having its registered office at 123 Victoria Street, London, SW1E 6DE.                                                                                                                                                                                                                                                                                                                                                                                            |
| “CDC India”                                      | CDC India Opportunities Limited, a private limited company incorporated under the laws of England and Wales, having its registered office at 123 Victoria Street, London, SW1E 6DE.                                                                                                                                                                                                                                                                                                                                                                        |
| “Chairman and Managing Director”                 | Chairman and managing director of our Company, being Dr. Ramesh Kancharla.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Chief Financial Officer” or “CFO”               | Chief financial officer of our Company, being R Gowrisankar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Company Secretary and Compliance Officer”       | Company secretary and compliance officer of our Company, being Ashish Kapil.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Corporate Office”                               | Corporate office of our Company, located at 8-2-19/1/A, Daulet Arcade, Road No. 11, Banjara Hills, Hyderabad – 500 034, Telangana.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Corporate Social Responsibility                 | Corporate social responsibility committee of our Board constituted in accordance with the Companies Act as described in “Our Management” on page 227.                                                                                                                                                                                                                                                                                                                                                                                                      |



| Term                                                 | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Committee” or “CSR Committee”                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Director(s)”                                        | Director(s) on the Board, as appointed from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “ESOP Scheme”                                        | Rainbow Employee Stock Option Scheme 2021.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| “Equity Shares”                                      | Equity shares of our Company of face value of ₹ 10 each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Executive Director”                                 | Executive director(s) on our Board. For further details of the Executive Directors, see “Our Management” on page 227.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Group Companies”                                    | Our group companies, as disclosed in “Our Group Companies” on page 253.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “IPO Committee”                                      | The IPO committee of our Board, as described in “Our Management” on page 227.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “Investment Agreement”                               | Investment agreement dated August 2, 2013, executed between the Company, Dr. Ramesh Kancharla, Padma Kancharla and Dr. Dinesh Kumar Chirla and CDC Group, together with the (i) Amendment Agreement; and (ii) Amended and Restated Shareholders’ Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Investor Selling Shareholders”                      | Collectively, CDC Group and CDC India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Independent Director”                               | A non-executive, independent Director appointed as per the Companies Act and the Listing Regulations. For further details of our Independent Directors, see “Our Management” on page 227.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “KMP” or “Key Managerial Personnel”                  | Key managerial personnel of our Company in terms of the SEBI ICDR Regulations, which includes key managerial personnel in terms of the Companies Act, 2013, as disclosed in “Our Management” on page 227.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Materiality Policy”                                 | The materiality policy of our Company adopted pursuant to a resolution of our Board dated December 23, 2021 for the identification of material (a) outstanding litigation proceedings; (b) group companies; and (c) creditors, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in this Draft Red Herring Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “Memorandum” or “Memorandum of Association” or “MoA” | The memorandum of association of our Company, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Nomination and Remuneration Committee”              | The nomination and remuneration committee of our Board, constituted in accordance with the Companies Act and the Listing Regulations, and as described in “Our Management” on page 227.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Other Selling Shareholder”                          | Other selling shareholder of our Company namely, Padma Kancharla.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “Promoters”                                          | Promoters of our Company namely, Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla and Dr. Adarsh Kancharla. For further details, see “Our Promoters and Promoter Group” on page 249.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “Promoter Group”                                     | Such individuals and entities which constitute the promoter group of our Company pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, see “Our Promoters and Promoter Group” on page 249.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Promoter Selling Shareholders”                      | Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla and Dr. Adarsh Kancharla.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Registered Office”                                  | The registered office of our Company located at 8-2-120/103/1, Survey No. 403, Road No. 2, Banjara Hills, Hyderabad – 500 034, Telangana.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Registrar of Companies” or “RoC”                    | Registrar of Companies, Hyderabad at Telangana.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Restated Consolidated Financial Information”        | Restated consolidated summary statements of our Company together with our Subsidiaries (“Group”), comprising the restated consolidated balance sheet as at September 30, 2021, September 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019 and restated consolidated statement of profit and loss (including other comprehensive income) and restated consolidated statement of changes in equity and restated consolidated statement of cash flows for the period / year ended September 30, 2021, September 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019 and the statement of significant accounting policies, and other explanatory information of our Company, derived from audited interim financial statements as at and for the six months period ended September 30, 2021 and September 30, 2020 and audited consolidated financial statements as at and for the years ended March 31, 2021, 2020 and 2019 prepared in accordance with Ind AS and restated by our Company in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, relevant provisions of the SEBI ICDR Regulations, and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the ICAI. The audited interim consolidated financial statements as at and for the six months period ended September 30, 2021 and September 30, 2020 and audited consolidated financial statements as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 were audited by B S R & Associates LLP, Chartered Accountants. |
| “Risk Management Committee”                          | The risk management committee constituted in accordance with the Listing Regulations, and as described in “Our Management” on page 227.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Selling Shareholders”                               | Collectively, the Promoter Selling Shareholders, the Investor Selling Shareholders and the Other Selling Shareholder.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Term                                   | Description                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Series A CCPS”                        | Series A 0.0001% Compulsorily Convertible Preference Shares of face value of ₹ 48 each.                                                                                                                                                                                                                                                                                                              |
| “Series B CCPS”                        | Series B 0.0001% Compulsorily Convertible Preference Shares of face value of ₹ 48 each.                                                                                                                                                                                                                                                                                                              |
| “Share Purchase Agreement”             | The share purchase agreement dated March 24, 2016 amongst Dr. Ramesh Kancharla, CDC India, CDC Group and our Company.                                                                                                                                                                                                                                                                                |
| “Shareholder(s)”                       | The equity shareholders of our Company whose names are entered into (i) the register of members of our Company; or (ii) the records of a depository as a beneficial owner of Equity Shares.                                                                                                                                                                                                          |
| “Stakeholders’ Relationship Committee” | The stakeholders’ relationship committee constituted in accordance with the Companies Act and the Listing Regulations, and as described in, “Our Management” on page 227.                                                                                                                                                                                                                            |
| “Statutory Auditors”                   | The statutory auditors of our Company, being B S R & Associates LLP, Chartered Accountants.                                                                                                                                                                                                                                                                                                          |
| “Subsidiaries”                         | The subsidiaries of our Company as on the date of this Draft Red Herring Prospectus, namely:<br>(i) Rainbow Speciality Hospitals Private Limited;<br>(ii) Rainbow Women & Children’s Hospital Private Limited;<br>(iii) Rainbow Fertility Private Limited;<br>(iv) Rainbow CRO Private Limited;<br>(v) Rainbow Children’s Hospital Private Limited; and<br>(vi) Rosewalk Healthcare Private Limited. |
| “Whole-time Director”                  | The whole-time director of our Company, namely Dr. Dinesh Kumar Chirla, as described in “Our Management” on page 227.                                                                                                                                                                                                                                                                                |

### Offer Related Terms

| Term                                | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Abridged Prospectus”               | Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf.                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Acknowledgement Slip”              | The slip or document issued by relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Allot”, “Allotment”, or “Allotted” | Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders.                                                                                                                                                                                                                                                                                                                              |
| “Allotment Advice”                  | A note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange.                                                                                                                                                                                                                                                                                                                                                     |
| “Allottee”                          | A successful Bidder to whom the Equity Shares are Allotted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Anchor Investor”                   | A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus, and who has Bid for an amount of at least ₹ 100 million.                                                                                                                                                                                                                                                                                                                |
| “Anchor Investor Allocation Price”  | The price at which Equity Shares will be allocated to Anchor Investors during the Anchor Investor Bid/Offer Period in terms of the Red Herring Prospectus and the Prospectus which will be decided by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs.                                                                                                                                                 |
| “Anchor Investor Application Form”  | The application form used by an Anchor Investor to Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.                                                                                                                                                                                                                                                                                                                                                  |
| “Anchor Investor Bidding Date”      | The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the BRLMs will not accept any Bids from Anchor Investor, and allocation to the Anchor Investors shall be completed.                                                                                                                                                                                                                                                                                         |
| “Anchor Investor Offer Price”       | The final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs.                                               |
| “Anchor Investor Pay – in Date”     | With respect to Anchor Investor(s), the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Offer Price a date being, not later than two Working Days after the Bid/Offer Closing Date.                                                                                                                                                                                                                                                                                                                     |
| “Anchor Investor Portion”           | Up to 60% of the QIB Portion, which may be allocated by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor |

| Term                                                 | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      | Allocation Price, in accordance with the SEBI ICDR Regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Applications Supported by Blocked Amount” or “ASBA” | An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in the ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “ASBA Account”                                       | A bank account maintained with an SCSB by an ASBA Bidder as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form, which may be blocked by such SCSB or the account of the RIBs blocked upon acceptance of UPI Mandate Request by the RIBs using the UPI Mechanism, to the extent of the Bid Amount of the ASBA Bidder.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “ASBA Bidder”                                        | All Bidders except Anchor Investors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “ASBA Form”                                          | An application form, whether physical or electronic, used by ASBA Bidders to submit Bids which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Banker(s) to the Offer”                             | Collectively, the Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank, as the case may be.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Basis of Allotment”                                 | The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, as described in “Offer Procedure” on page 407.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Bid”                                                | An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of a Bid cum Application Form, to subscribe to, or purchase, the Equity Shares at a price within the Price Band, including all revisions and modifications thereto, as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form.<br><br>The term “Bidding” shall be construed accordingly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Bidder”                                             | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, and, unless otherwise stated or implied, includes an Anchor Investor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “Bid Amount”                                         | The highest value of optional Bids indicated in the Bid cum Application Form (less employee discount as applicable) and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid.<br><br>However, Eligible Employees bidding in the Employee Reservation Portion can apply at the Cut-off Price and the Bid amount shall be Cap Price (net of employee discount, if any), multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 (net of employee discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of employee discount, if any) in value. Only in the event of an under- subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000 (net of employee discount, if any), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of employee discount, if any) in value. |
| “Bidding Centres”                                    | Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Bid cum Application Form”                           | Anchor Investor Application Form or the ASBA Form, as the context requires.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Bid Lot”                                            | [●] Equity Shares and in multiples of [●] Equity Shares thereafter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Bid/Offer Closing Date”                             | Except in relation to Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in all editions of the English daily national newspaper [●], all editions of the Hindi national daily newspaper [●] and Telugu daily national newspaper [●] (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation.<br><br>In case of any revisions, the extended Bid/ Offer Closing Date will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the websites of the BRLMs and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank.<br><br>Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

| Term                                                        | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                             | Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/Offer Closing Date shall also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations.                                                                                                                                                                                                                                                         |
| “Bid/Offer Opening Date”                                    | <p>Except in relation to Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer being [●], which shall also be notified in all editions of English national daily newspaper [●], all editions of Hindi national daily newspaper [●] and Telugu national daily newspaper [●] (Telugu being the regional language of Telangana, where our Registered Office is located) which are widely circulated English, Hindi and Telugu newspapers, respectively.</p> <p>Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period may be one Working Day prior to the Bid/Offer Opening Date.</p> |
| “Bid/Offer Period”                                          | <p>Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereto in accordance with the SEBI ICDR Regulations. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors.</p> <p>Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Offer Period for the QIB Category one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.</p> <p>The Bid/Offer Period will comprise Working Days only.</p>                                                              |
| “Book Building Process”                                     | The book building process, as described in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Book Running Lead Managers” or “BRLMs”                     | The book running lead managers to the Offer, namely Kotak Mahindra Capital Company Limited, J.P. Morgan India Private Limited and IIFL Securities Limited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Broker Centre”                                             | Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker and details of which are available on the websites of the respective Stock Exchanges. The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), and updated from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “CAN” or “Confirmation of Allocation Note”                  | The note or advice or intimation of allocation of the Equity Shares sent to Anchor Investors who have been allocated Equity Shares on / after the Anchor Investor Bidding Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Cap Price”                                                 | The higher end of the Price Band, i.e. ₹ [●] per Equity Share, subject to any revisions thereof, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “Cash Escrow and Sponsor Bank Agreement”                    | Agreement to be entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Member, the Banker(s) to the Offer for governing, amongst other things, the appointment of the Sponsor Bank in accordance with the UPI Circular, the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Circular on Streamlining of Public Issues”/ “UPI Circular” | Circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular no. (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2021./2480/1/M) dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular number no. (SEBI/HO/CFD/DIL2/P/CIR/2021/570) dated June 2, 2021, and any subsequent circulars or notifications issued by SEBI in this regard.                                                                                                                                                                                                                           |
| “Client ID”                                                 | Client identification number maintained with one of the Depositories in relation to the demat account.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

| <b>Term</b>                                  | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Collecting Depository Participant” or “CDP” | A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids from relevant Bidders at the Designated CDP Locations in terms of the SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI, as per the list available on the websites of BSE and NSE, as updated from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Cut-off Price”                              | The Offer Price, as finalised by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs which shall be any price within the Price Band. Only Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Demographic Details”                        | Details of the Bidders including the Bidder’s address, name of the Bidder’s father/ husband, investor status, occupation and bank account details and UPI ID, where applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “Designated Branches” SCSB                   | Such branches of the SCSBs which shall collect ASBA Forms, a list of which is available on the website of the SEBI at ( <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> ) and updated from time to time, and at such other websites as may be prescribed by SEBI from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Designated Locations” CDP                   | Such locations of the CDPs where Bidders can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “Designated Date”                            | The date on which funds are transferred from the Escrow Account to the Public Offer Account or the Refund Account, as appropriate, or the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Offer Account, as the case may be, in terms of the Red Herring Prospectus and the Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which our Board may Allot Equity Shares to successful Bidders in the Offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Designated Intermediaries”                  | <p>In relation to ASBA Forms submitted by RIBs (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.</p> <p>In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs.</p> <p>In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “Designated Locations” RTA                   | Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs, a list of which, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Designated Stock Exchange”                  | [●]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Draft Red Herring Prospectus” or “DRHP”     | This draft red herring prospectus dated December 24, 2021, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the Offer, including the price at which the Equity Shares will be Allotted and the size of the Offer, and includes any addenda or corrigenda thereto.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Eligible Employee(s)”                       | <p>All or any of the following: (a) a permanent employee of our Company or any of our Subsidiaries (excluding such employees who are not eligible to invest in the Offer under applicable laws) as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be such a permanent employee, until the submission of the Bid cum Application Form; and (b) a director, whether whole time or not, who is eligible to apply under the Employee Reservation Portion under applicable law as on the date of filing of the Red Herring Prospectus with the RoC and who continues to be such a director, until the submission of the Bid cum Application Form, but not including directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Company.</p> <p>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000 (net of employee discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of employee discount, if any). Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of</p> |

| Term                                                                                 | Description                                                                                                                                                                                                                                                                                                                                                                                                    |
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|                                                                                      | employee discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of employee discount, if any).                                                                                                                                                                                                                                               |
| “Eligible FPIs”                                                                      | FPIs from such jurisdictions outside India where it is not unlawful to make an offer/ invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby.                                                                                                                                  |
| “Eligible NRIs”                                                                      | NRI(s) eligible to invest under the relevant provisions of the FEMA Rules, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares.                                                                           |
| “Employee Reservation Portion”                                                       | The portion of the Offer being up to 300,000 Equity Shares, aggregating to ₹ [●] available for allocation to Eligible Employees, on a proportionate basis. Such portion shall not exceed 5% of the post-Offer Equity Share capital of the Company.                                                                                                                                                             |
| “Escrow Account(s)”                                                                  | Accounts to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through direct credit/ NEFT/ RTGS/NACH in respect of Bid Amounts when submitting a Bid.                                                                                                                                                                                                  |
| “Escrow Collection Bank(s)”                                                          | The banks which are clearing members and registered with SEBI as Bankers to an issue under the BTI Regulations, and with whom the Escrow Account(s) will be opened, in this case being [●].                                                                                                                                                                                                                    |
| “First Bidder”                                                                       | The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.                                                                                                                                                                                      |
| “Floor Price”                                                                        | The lowest end of the Price Band, i.e., ₹ [●] subject to any revision(s) thereto, not being lower than the face value of the Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalized and below which no Bids, will be accepted.                                                                                                                                 |
| “Fresh Issue”                                                                        | The fresh issue component of the Offer comprising of an issuance of up to [●] Equity Shares at ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹ 2,800 million by our Company.                                                                                                                                                                                          |
| “General Information Document” or “GID”                                              | The General Information Document for investing in public offers, prepared and issued by SEBI, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs.                                                      |
| “Gross Proceeds”                                                                     | The Offer Proceeds, less the amount to be raised with respect to the Offer for Sale.                                                                                                                                                                                                                                                                                                                           |
| “IIFL”                                                                               | IIFL Securities Limited                                                                                                                                                                                                                                                                                                                                                                                        |
| “J.P. Morgan”                                                                        | J.P. Morgan India Private Limited                                                                                                                                                                                                                                                                                                                                                                              |
| “Kotak”                                                                              | Kotak Mahindra Capital Company Limited.                                                                                                                                                                                                                                                                                                                                                                        |
| “Monitoring Agency”                                                                  | [●]                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Monitoring Agency Agreement”                                                        | Agreement to be entered into between our Company and the Monitoring Agency                                                                                                                                                                                                                                                                                                                                     |
| “Mutual Fund”                                                                        | Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.                                                                                                                                                                                                                                                                                           |
| “Mutual Fund Portion”                                                                | Up to 5% of the Net QIB Portion, or [●] Equity Shares, which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price.                                                                                                                                                                                               |
| “Net Offer”                                                                          | The Offer less the Employee Reservation Portion.                                                                                                                                                                                                                                                                                                                                                               |
| “Net Proceeds”                                                                       | Proceeds of the Fresh Issue less our Company’s share of the Offer-related expenses. For further details about use of the Net Proceeds and the Offer related expenses, see “Objects of the Offer” on page 112.                                                                                                                                                                                                  |
| “Net QIB Portion”                                                                    | QIB Portion, less the number of Equity Shares Allotted to the Anchor Investors.                                                                                                                                                                                                                                                                                                                                |
| “Non-Institutional Investors” or “NII(s)” or “Non-Institutional Bidders” or “NIB(s)” | All Bidders, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs) in the Net Offer.                                                                                                                                                                                                        |
| “Non-Institutional Portion”                                                          | The portion of the Net Offer being not less than 15% of the Net Offer, consisting of [●] Equity Shares, which shall be available for allocation to Non-Institutional Investors on a proportionate basis, subject to valid Bids being received at or above the Offer Price.                                                                                                                                     |
| “Non-Resident” or “NR”                                                               | A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs.                                                                                                                                                                                                                                                                                                                      |
| “Offer”                                                                              | Initial public offering of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million consisting of a Fresh Issue of [●] Equity Shares aggregating up to ₹ 2,800 million by our Company and an offer for sale of up to 24,000,900 Equity Shares aggregating up to ₹ [●] million, by the Selling Shareholders. |
| “Offer Agreement”                                                                    | The agreement dated December 24, 2021 amongst our Company, the Selling Shareholders and the BRLMs, pursuant to the SEBI ICDR Regulations, based on which certain arrangements are agreed to in relation to the Offer.                                                                                                                                                                                          |

| <b>Term</b>                                | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Offer for Sale”                           | The offer for sale of up to 24,000,900 Equity Shares aggregating up to ₹ [●] million, by the Selling Shareholders in the Offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “Offer Price”                              | The final price (net of employee discount, if any, as applicable) at which the Equity Shares will be Allotted to successful Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus. The Offer Price and employee discount, if any, will be decided by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, in accordance with the Book Building Process on the Pricing Date and in terms of the Red Herring Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Offer Proceeds”                           | The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see “ <i>Objects of the Offer</i> ” on page 112.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Offered Shares”                           | The Equity Shares being offered by the Selling Shareholders as part of the Offer for Sale comprising of an aggregate of up to 24,000,900 Equity Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “Price Band”                               | <p>Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum Price of ₹ [●] per Equity Share (Cap Price) and includes revisions thereof.</p> <p>The Price Band will be decided by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs and the minimum bid lot will be decided by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders in consultation with the BRLMs, and will be advertised in all editions of an English national daily newspaper [●], all editions of a Hindi national daily newspaper [●] and Telugu national daily newspaper [●] (each of which are widely circulated English, Hindi and Telugu newspapers, respectively, Telugu being the regional language of Telangana, where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchange for the purpose of uploading on their respective websites.</p> |
| “Pricing Date”                             | The date on which our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, will finalise the Offer Price.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Prospectus”                               | The prospectus to be filed with the RoC, in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations containing, amongst other things, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Public Offer Account Bank(s)”             | The banks which are clearing members and registered with SEBI under the BTI Regulations, with whom the Public Offer Account(s) will be opened, in this case being [●].                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Public Offer Account(s)”                  | Bank account to be opened in accordance with the provisions of the Companies Act, 2013, with the Public Offer Account Bank(s) to receive money from the Escrow Accounts and from the ASBA Accounts on the Designated Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Qualified Institutional Buyers” or “QIBs” | A qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “QIB Portion”                              | The portion of the Net Offer (including the Anchor Investor Portion) being not more than 50% of the Net Offer, consisting of [●] Equity Shares which shall be allocated to QIBs, including the Anchor Investors (which allocation shall be on a discretionary basis, as determined by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs up to a limit of 60% of the QIB Portion) subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Red Herring Prospectus” or “RHP”          | The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The red herring prospectus will be filed with the RoC at least three working days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “Refund Account(s)”                        | The ‘no-lien’ and ‘non-interest bearing’ accounts to be opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “Refund Bank(s)”                           | The Banker(s) to the Offer with whom the Refund Account(s) will be opened, in this case being [●].                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Registered Broker”                        | Stock brokers registered under the SEBI (Stock Brokers) Regulations, 1992, as amended, with the Stock Exchanges having nationwide terminals other than the members of the Syndicate, and eligible to procure Bids in terms of the circular No. CIR/CFD/14/2012 dated October 4, 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

| Term                                                                                 | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                      | issued by SEBI.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Registrar Agreement”                                                                | The agreement dated December 24, 2021, entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Registrar and Share Transfer Agents” or “RTAs”                                      | Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the lists available on the website of BSE and NSE, and the UPI Circulars.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Registrar” or “Registrar to the Offer”                                              | Kfin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Resident Indian”                                                                    | A person resident in India, as defined under FEMA.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Retail Individual Bidders” or “RIB(s)” or “Retail Individual Investors” or “RII(s)” | Individual Bidders (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs) who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the Bidding options in the Offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Retail Portion”                                                                     | The portion of the Net Offer being not less than 35% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, which shall not be less than the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Revision Form”                                                                      | Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable.<br><br>QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders bidding in the Retail Portion and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “Self Certified Syndicate Bank(s)” or “SCSB(s)”                                      | The banks registered with SEBI, offering services: (a) in relation to ASBA (other than using the UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> and <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , as applicable or such other website as may be prescribed by SEBI from time to time; and (b) in relation to ASBA (using the UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> , or such other website as may be prescribed by SEBI from time to time.<br><br>Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure ‘A’ to the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The aforesaid list is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a> , as updated from time to time. |
| “Share Escrow Agent”                                                                 | Escrow agent to be appointed pursuant to the Share Escrow Agreement, namely [●].                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “Share Escrow Agreement”                                                             | The agreement to be entered into amongst our Company, the Selling Shareholders, and the Share Escrow Agent in connection with the transfer of the respective portion of the Offered Shares by each of the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Sponsor Bank”                                                                       | The Banker to the Offer registered with SEBI which is appointed by our Company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and / or payment instructions of the RIBs into the UPI Mechanism and carry out any other responsibilities in terms of the UPI Circulars, the Sponsor Bank in this case being [●].                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Specified Locations”                                                                | The Bidding centres where the Syndicate shall accept Bid cum Application Forms from relevant Bidders, a list of which is available on the website of SEBI ( <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> ), and updated from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Stock Exchange(s)”                                                                  | Collectively, BSE Limited and National Stock Exchange of India Limited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Syndicate Agreement”                                                                | Agreement to be entered into among our Company, the Selling Shareholders, the BRLMs, and the Syndicate Members in relation to collection of Bid cum Application Forms by Syndicate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Syndicate Members”                                                                  | Intermediaries (other than BRLMs) registered with SEBI, namely [●].                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Syndicate” or “members of the Syndicate”                                            | Together, the BRLMs and the Syndicate Members.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| “Systemically Important Non-Banking Financial Company” or “NBFC-SI”                  | Systemically important non-banking financial company as defined under the SEBI ICDR Regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |



| Term                     | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Underwriters”           | [•]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Underwriting Agreement” | The agreement to be entered into amongst the Underwriters, the Selling Shareholders and our Company on or after the Pricing Date, but prior to filing of the Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “UPI”                    | Unified Payments Interface, which is an instant payment mechanism developed by NPCI.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “UPI ID”                 | ID created on UPI for single-window mobile payment system developed by the NPCI.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “UPI Mandate Request”    | <p>A request (intimating the RIB by way of a notification on the UPI application and by way of a SMS directing the RIB to such UPI application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds in the relevant ASBA Account through the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.</p> <p>In accordance with the SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a>) and (<a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a>) respectively, as updated from time to time.</p> |
| “UPI Mechanism”          | The mechanism that may be used by an RIB to make a Bid in the Offer in accordance with the UPI Circulars.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “UPI PIN”                | Password to authenticate UPI transaction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “Wilful Defaulter”       | A wilful defaulter, as defined under the SEBI ICDR Regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Working Day”            | All days, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, Working Day shall mean all days except Saturday, Sunday and public holidays on which commercial banks in Mumbai are open for business and (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circular issued by SEBI.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

#### Technical / Industry Related Terms or Abbreviations

| Term            | Description                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “ALOS”          | Average length of stay, which is the total length of stay days for a period/year divided by inpatient volume for such period/year. Length of stay day is based on daily midnight bed count.                                                                                                                                                                                                                       |
| “ARPOB”         | Average revenue per operating bed, which is operational revenue divided by the total length of stay days.                                                                                                                                                                                                                                                                                                         |
| “ARPP”          | Average revenue per patient, which is operational revenue divided by inpatient and outpatient volume for such period/year.                                                                                                                                                                                                                                                                                        |
| “BP”            | Blood pressure.                                                                                                                                                                                                                                                                                                                                                                                                   |
| “CME”           | Continuing Medical Education.                                                                                                                                                                                                                                                                                                                                                                                     |
| “CRISIL”        | CRISIL Limited                                                                                                                                                                                                                                                                                                                                                                                                    |
| “CRISIL Report” | A report titled “Assessment of maternity and paediatric healthcare delivery sectors in India”, dated November, 2021, prepared by CRISIL Research, a division of CRISIL Limited, which has been commissioned and paid for by the Company in relation to the Offer. The CRISIL Report is available on the website of our Company at <a href="https://www.rainbowhospitals.in">https://www.rainbowhospitals.in</a> . |
| “CRRT”          | Continuous renal replacement therapy.                                                                                                                                                                                                                                                                                                                                                                             |
| “DNB”           | Diplomate of National Board.                                                                                                                                                                                                                                                                                                                                                                                      |
| “DPCO 2013”     | Drug (Prices Control) Order, 2013.                                                                                                                                                                                                                                                                                                                                                                                |
| “ECMO”          | Extracorporeal membrane oxygenation.                                                                                                                                                                                                                                                                                                                                                                              |
| “EDGE”          | Excellence in Design for Greater Efficiencies.                                                                                                                                                                                                                                                                                                                                                                    |
| “EMR”           | Electronic medical record.                                                                                                                                                                                                                                                                                                                                                                                        |
| “GERD”          | Gastroesophageal reflux disease.                                                                                                                                                                                                                                                                                                                                                                                  |
| “HIS”           | Hospital information system.                                                                                                                                                                                                                                                                                                                                                                                      |
| “HFOV”          | High-frequency oscillatory ventilation.                                                                                                                                                                                                                                                                                                                                                                           |
| “IMSI”          | Intracytoplasmic morphologically selected sperm injection.                                                                                                                                                                                                                                                                                                                                                        |
| “ICSI”          | Intracytoplasmic sperm injection.                                                                                                                                                                                                                                                                                                                                                                                 |
| “ITP”           | Idiopathic thrombocytopenic purpura.                                                                                                                                                                                                                                                                                                                                                                              |
| “IUI”           | Intrauterine insemination.                                                                                                                                                                                                                                                                                                                                                                                        |
| “IVF”           | In vitro fertilization.                                                                                                                                                                                                                                                                                                                                                                                           |
| “MICU”          | Maternal Intensive Care Unit.                                                                                                                                                                                                                                                                                                                                                                                     |
| “NABH”          | National Accreditation Board for Hospitals and Healthcare Providers, India.                                                                                                                                                                                                                                                                                                                                       |
| “NHS”           | National Health Service of the United Kingdom.                                                                                                                                                                                                                                                                                                                                                                    |
| “NICU”          | Neonatal Intensive Care Unit.                                                                                                                                                                                                                                                                                                                                                                                     |

| Term   | Description                                    |
|--------|------------------------------------------------|
| “NPPA” | The National Pharmaceutical Pricing Authority. |
| “PDA”  | Patent ductus arteriosus.                      |
| “PICU” | Pediatric Intensive Care Unit.                 |
| “PSU”  | Public sector undertaking.                     |
| “ROP”  | Retinopathy of prematurity.                    |
| “TBI”  | Traumatic brain injury.                        |
| “UTI”  | Urinary tract infection.                       |

### Conventional and General Terms or Abbreviations

| Term                              | Description                                                                                                                                                                                                                                                                |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “₹” or “Rs.” or “Rupees” or “INR” | Indian Rupees, the official currency of the Republic of India.                                                                                                                                                                                                             |
| “Adjusted EBITDA”                 | EBITDA minus other income.                                                                                                                                                                                                                                                 |
| “AIFs”                            | Alternative investment funds as defined in and registered under the AIF Regulations.                                                                                                                                                                                       |
| “AIF Regulations”                 | Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.                                                                                                                                                                                   |
| “API”                             | Application performing interface.                                                                                                                                                                                                                                          |
| “AS”                              | Accounting standards issued by the Institute of Chartered Accountants of India, as notified from time to time.                                                                                                                                                             |
| “BSE”                             | BSE Limited.                                                                                                                                                                                                                                                               |
| “BTI Regulations”                 | Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994.                                                                                                                                                                                            |
| “CAGR”                            | Compounded Annual Growth Rate.                                                                                                                                                                                                                                             |
| “Calendar Year” or “year”         | Unless the context otherwise requires, shall refer to the twelve month period ending December 31.                                                                                                                                                                          |
| “Category I AIF”                  | AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations.                                                                                                                                                                       |
| “Category II AIF”                 | AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations.                                                                                                                                                                      |
| “Category III AIF”                | AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations.                                                                                                                                                                     |
| “Category I FPIs”                 | FPIs who are registered as “Category I Foreign Portfolio Investors” under the SEBI FPI Regulations.                                                                                                                                                                        |
| “Category II FPIs”                | FPIs who are registered as “Category II Foreign Portfolio Investors” under the SEBI FPI Regulations.                                                                                                                                                                       |
| “CCI”                             | Competition Commission of India.                                                                                                                                                                                                                                           |
| “CDSL”                            | Central Depository Services (India) Limited.                                                                                                                                                                                                                               |
| “CIN”                             | Corporate Identity Number.                                                                                                                                                                                                                                                 |
| “Companies Act”                   | Companies Act, 1956 and/or the Companies Act, 2013 as applicable.                                                                                                                                                                                                          |
| “Companies Act, 1956”             | <i>Erstwhile</i> Companies Act, 1956 along with the relevant rules made thereunder.                                                                                                                                                                                        |
| “Companies Act, 2013”             | Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended to the extent currently in force.                                                                                               |
| “Cr.P.C.”                         | Code of Criminal Procedure, 1973.                                                                                                                                                                                                                                          |
| “CSR”                             | Corporate social responsibility.                                                                                                                                                                                                                                           |
| “Depositories Act”                | Depositories Act, 1996.                                                                                                                                                                                                                                                    |
| “Depository” or “Depositories”    | NSDL and CDSL.                                                                                                                                                                                                                                                             |
| “DIN”                             | Director Identification Number.                                                                                                                                                                                                                                            |
| “DP” or “Depository Participant”  | A depository participant as defined under the Depositories Act.                                                                                                                                                                                                            |
| “DP ID”                           | Depository Participant’s Identification Number.                                                                                                                                                                                                                            |
| “DPIIT”                           | Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, GoI.                                                                                                                                                                            |
| “EBITDA”                          | Earnings before interest, tax, depreciation and amortisation.                                                                                                                                                                                                              |
| “EPS”                             | Earnings per share.                                                                                                                                                                                                                                                        |
| “FDI”                             | Foreign direct investment.                                                                                                                                                                                                                                                 |
| “FDI Policy”                      | The consolidated FDI policy, effective from October 15, 2020, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ( <i>earlier known as the Department of Industrial Policy and Promotion</i> ). |
| “FEMA”                            | Foreign Exchange Management Act, 1999, including the rules and regulations thereunder.                                                                                                                                                                                     |
| “FEMA Rules”                      | Foreign Exchange Management (Non-debt Instruments) Rules, 2019.                                                                                                                                                                                                            |
| “FEMA Regulations”                | Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2017.                                                                                                                                                          |
| “Financial Year”                  | Period of twelve months commencing on April 1 of the immediately preceding calendar year and                                                                                                                                                                               |

| <b>Term</b>                                   | <b>Description</b>                                                                                                                                                                                         |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Fiscal”, “FY” or “F.Y.”                      | ending on March 31 of that particular year, unless stated otherwise.                                                                                                                                       |
| “FIR”                                         | First information report.                                                                                                                                                                                  |
| “FPI(s)”                                      | Foreign Portfolio Investor, as defined under the FPI Regulations.                                                                                                                                          |
| “FPI Regulations”                             | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.                                                                                                                    |
| “FIPB”                                        | The erstwhile Foreign Investment Promotion Board.                                                                                                                                                          |
| “FVCI”                                        | Foreign venture capital investors, as defined and registered with SEBI under the FVCI Regulations.                                                                                                         |
| “Fugitive Economic Offender”                  | A fugitive economic offender as defined under the Fugitive Economic Offenders Act, 2018.                                                                                                                   |
| “FVCI Regulations”                            | Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000.                                                                                                               |
| “GDP”                                         | Gross domestic product.                                                                                                                                                                                    |
| “GIR Number”                                  | General index registration number.                                                                                                                                                                         |
| “GoI” or “Government” or “Central Government” | Government of India.                                                                                                                                                                                       |
| “GST”                                         | Goods and services tax.                                                                                                                                                                                    |
| “HUF”                                         | Hindu undivided family.                                                                                                                                                                                    |
| “IAS Rules”                                   | Companies (Indian Accounting Standards) Rules, 2015, as amended.                                                                                                                                           |
| “ICAI”                                        | The Institute of Chartered Accountants of India.                                                                                                                                                           |
| “ICSI”                                        | The Institute of Company Secretaries of India.                                                                                                                                                             |
| “IFRS”                                        | International Financial Reporting Standards of the International Accounting Standards Board.                                                                                                               |
| “India”                                       | Republic of India.                                                                                                                                                                                         |
| “Ind AS” or “Indian Accounting Standards”     | Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with IAS Rules.                                                                                                     |
| “Ind AS 24”                                   | Indian Accounting Standard 24, “Related Party Disclosures”, notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules.                                |
| “Ind AS 37”                                   | Indian Accounting Standard 37, “Provisions, Contingent Liabilities and Contingent Assets”, notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules. |
| “IGAAP” or “Indian GAAP”                      | Accounting standards notified under section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended) and the Companies (Accounts) Rules, 2014, as amended.      |
| “Insider Trading Regulations”                 | Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.                                                                                                                 |
| “IPC”                                         | The Indian Penal Code, 1860.                                                                                                                                                                               |
| “IPR”                                         | Intellectual property rights.                                                                                                                                                                              |
| “IRDAI Investment Regulations”                | Insurance Regulatory and Development Authority (Investment) Regulations, 2016.                                                                                                                             |
| “IST”                                         | Indian standard time.                                                                                                                                                                                      |
| “IT Act”                                      | The Income Tax Act, 1961.                                                                                                                                                                                  |
| “IT”                                          | Information technology.                                                                                                                                                                                    |
| “Listing Agreement”                           | The equity listing agreement to be entered into by our Company with each of the Stock Exchanges.                                                                                                           |
| “Listing Regulations”                         | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.                                                                                                |
| “MCA”                                         | Ministry of Corporate Affairs, Government of India.                                                                                                                                                        |
| “Mn” or “mn”                                  | Million.                                                                                                                                                                                                   |
| “N.A.”                                        | Not applicable.                                                                                                                                                                                            |
| “NACH”                                        | National Automated Clearing House.                                                                                                                                                                         |
| “NAV”                                         | Net asset value.                                                                                                                                                                                           |
| “NBFC”                                        | Non-Banking Financial Company.                                                                                                                                                                             |
| “NECS”                                        | National electronic clearing service.                                                                                                                                                                      |
| “NEFT”                                        | National electronic fund transfer.                                                                                                                                                                         |
| “NPCI”                                        | National Payments Corporation of India.                                                                                                                                                                    |
| “NRE”                                         | Non-resident external.                                                                                                                                                                                     |
| “NRE Account”                                 | Non-resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.                                                                                  |
| “NRI” or “Non-Resident Indian”                | Non-Resident Indian as defined under the FEMA Regulations.                                                                                                                                                 |
| “NRO”                                         | Non-resident ordinary.                                                                                                                                                                                     |
| “NRO Account”                                 | Non-resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.                                                                                  |
| “NSDL”                                        | National Securities Depository Limited.                                                                                                                                                                    |

| <b>Term</b>                         | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “NSE”                               | National Stock Exchange of India Limited.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “OCB” or “Overseas Corporate Body”  | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer. |
| “ODI”                               | Offshore derivative instruments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “P/E Ratio”                         | Price/earnings ratio.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “PAN”                               | Permanent account number allotted under the Income Tax Act, 1961.                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “RBI”                               | Reserve Bank of India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Regulation S”                      | Regulation S under the U.S. Securities Act                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “RoCE”                              | Return on Capital employed                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “RoE”                               | Return on Equity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “RONW”                              | Return on Net Worth.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Rs.” Or “Rupees” or “₹” or “INR”   | Indian Rupees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “RTGS”                              | Real time gross settlement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Rule 144A”                         | Rule 144 A under the U.S. Securities Act                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “SCRA”                              | Securities Contracts (Regulation) Act, 1956.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “SCRR”                              | Securities Contracts (Regulation) Rules, 1957.                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “SEBI”                              | Securities and Exchange Board of India constituted under the SEBI Act.                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “SEBI Act”                          | Securities and Exchange Board of India Act, 1992.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “SEBI ICDR Regulations”             | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.                                                                                                                                                                                                                                                                                                                                                                                            |
| “SEBI Merchant Bankers Regulations” | Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “SEBI SBEB Regulations”             | Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.                                                                                                                                                                                                                                                                                                                                                                                          |
| “SICA”                              | The erstwhile Sick Industrial Companies (Special Provisions) Act, 1985.                                                                                                                                                                                                                                                                                                                                                                                                                             |
| “STT”                               | Securities Transaction Tax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “State Government”                  | Government of a State of India.                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Takeover Regulations”              | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.                                                                                                                                                                                                                                                                                                                                                                                         |
| “U.S.A”/ “U.S.”/ “United States”    | The United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia.                                                                                                                                                                                                                                       |
| “USD” or “US\$”                     | United States Dollars.                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “U.S. GAAP”                         | Generally Accepted Accounting Principles in the United States of America.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “U.S. QIB”                          | “Qualified institutional buyer”, as defined in Rule 144A of the U.S. Securities Act.                                                                                                                                                                                                                                                                                                                                                                                                                |
| “U.S. Securities Act”               | United States Securities Act of 1933, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “VAT”                               | Value added tax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “VCFs”                              | Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be.                                                                                                                                                                                                                      |

## OFFER DOCUMENT SUMMARY

This section is a general summary of the terms of the Offer, certain disclosures included in this Draft Red Herring Prospectus and are neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections titled “Risk Factors”, “The Offer”, “Capital Structure”, “Objects of the Offer”, “Industry Overview”, “Our Business”, “Our Promoters and Promoter Group”, “Financial Statements”, “Management’s Discussions and Analysis of Financial Position and Results of Operations”, “Outstanding Litigation and Material Developments”, “Offer Procedure”, “Description of Equity Shares and Terms of Articles of Association” and “Offer Structure”, on pages 35, 67, 86, 112, 133, 174, 249, 259, 343, 370, 407, 429 and 402, respectively.

### Primary business of our Company

We are a leading multi-specialty pediatric and obstetrics and gynecology hospital chain in India, operating 14 hospitals and three clinics in six cities, with a total bed capacity of 1,500 beds, as of September 30, 2021. Our core specialties are pediatrics, which includes newborn and pediatric intensive care, pediatric multi-specialty services, pediatric quaternary care (including multi organ transplants); and obstetrics and gynecology, which includes normal and complex obstetric care, multi-disciplinary fetal care, perinatal genetic and fertility care.

### Summary of the Industry in which our Company operates

The total hospital market size in India in financial year 2020 was expected to be approximately ₹4,270 billion growing at a CAGR of 13% between the financial years 2016 and 2020. The maternity market has seen a growth of 8% between the financial years 2016 and 2020 and is expected to grow at 7-8% between the financial years 2020 and 2026 supported by strong growth in private segment of 11-12% CAGR. Paediatric market which has grown at 14% CAGR between financial years 2016 and 2020 is expected to grow at the same growth going forward.

### Names of the Promoters

Our Promoters are Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla and Dr. Adarsh Kancharla. For further details, see “Our Promoters and Promoter Group” on page 249.

### Offer Size

|                                             |                                                                                             |
|---------------------------------------------|---------------------------------------------------------------------------------------------|
| Offer of Equity Shares <sup>(1)(2)</sup>    | Up to [●] Equity Shares, aggregating up to ₹[●] million                                     |
| of which                                    |                                                                                             |
| Fresh Issue <sup>(1)</sup>                  | Up to [●] Equity Shares, aggregating up to ₹ 2,800 million                                  |
| Offer for Sale <sup>(2)</sup>               | Up to 24,000,900 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders |
| Employee Reservation Portion <sup>(3)</sup> | Up to 300,000 Equity Shares                                                                 |
| Net Offer                                   | Up to [●] Equity Shares aggregating to ₹ [●] million                                        |

(1) The Offer has been authorized by our Board pursuant to a resolution passed on December 9, 2021, and the Fresh Issue has been authorized by our Shareholders pursuant to a special resolution passed on December 13, 2021.

(2) The Offered Shares being offered by the Selling Shareholders in the Offer for Sale are eligible for being offered for sale in terms of Regulation 8 of the SEBI ICDR Regulations. For further details of authorizations pertaining to the Offer for Sale, see “Other Regulatory and Statutory Disclosures” on page 381.

(3) In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of employee discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of employee discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation of up to ₹ [●]), shall be added to the Net Offer. For further details, see “Offer Structure” beginning on page 402.

The Offer and Net Offer shall constitute [●]% and [●]%, respectively, of the post Offer paid up Equity Share capital of our Company.

The above table summarises the details of the Offer. For further details of the offer, see “The Offer” and “Offer Structure” on pages 67 and 402, respectively.

## Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards funding the following objects:

(in ₹ million)

| Particulars                                                                                                      | Amount*  |
|------------------------------------------------------------------------------------------------------------------|----------|
| Early redemption of NCDs issued by our Company, in full                                                          | 400.00   |
| Capital expenditure towards setting up of new hospitals and purchase of medical equipment for such new hospitals | 1,700.00 |
| General Corporate Purposes <sup>#</sup>                                                                          | [●]      |
| <b>Total*</b>                                                                                                    | [●]      |

\*To be determined upon finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC.

<sup>#</sup>The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds.

For further details, see “Objects of the Offer” on page 112.

## Aggregate pre-Offer shareholding of our Promoters, members of our Promoter Group and Selling Shareholders

The aggregate pre-Offer shareholding of our Promoters, members of our Promoter Group and Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:

### a) Promoters and members of our Promoter Group

| S No. | Name of Shareholder       | Pre-Offer               |                                                       |                                                            |                                                                                 |
|-------|---------------------------|-------------------------|-------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------|
|       |                           | Number of Equity Shares | Percentage of the pre-Offer Equity Share Capital (%)* | Number of Equity Shares, including upon conversion of CCPS | Percentage^ of the pre-Offer Equity Share Capital on a fully diluted basis (%)# |
|       |                           | Promoters               |                                                       |                                                            |                                                                                 |
| 1.    | Dr. Ramesh Kancharla      | 36,849,284              | 39.18                                                 | 36,849,284                                                 | 38.25                                                                           |
| 2.    | Dr. Dinesh Kumar Chirla   | 8,560,000               | 9.10                                                  | 8,560,000                                                  | 8.89                                                                            |
| 3.    | Dr. Adarsh Kancharla      | 7,555,452               | 8.03                                                  | 7,555,452                                                  | 7.84                                                                            |
|       |                           | Promoter Group          |                                                       |                                                            |                                                                                 |
| 4.    | Padma Kancharla           | 608,448                 | 0.65                                                  | 608,448                                                    | 0.63                                                                            |
| 5.    | Ramadhara Naidu Kancharla | 60,000                  | 0.06                                                  | 60,000                                                     | 0.06                                                                            |
| 6.    | Srinivas Talasila         | 60,000                  | 0.06                                                  | 60,000                                                     | 0.06                                                                            |
| 7.    | Kancharla Family Trust    | 51,79,200               | 5.51                                                  | 51,79,200                                                  | 5.38                                                                            |
| 8.    | Sai Geeta Dinesh Trust    | 1,040,000               | 1.11                                                  | 1,040,000                                                  | 1.08                                                                            |
|       | Total                     | 59,912,384              | 63.70^                                                | 59,912,384                                                 | 62.19^                                                                          |

\* Excludes the impact of conversion of Series A CCPS and Series B CCPS.

<sup>#</sup> The percentage of the pre-Offer Equity Share capital on a fully diluted basis has been calculated after assuming conversion of Series A CCPS and Series B CCPS. 1,146,771 Series A CCPS held by CDC Group and 1,133,309 Series B CCPS held by CDC India, will be converted into 1,146,771 Equity Shares and 1,133,309 Equity Shares respectively, prior to filing of the Red Herring Prospectus with the RoC.

<sup>^</sup> Subject to the impact of rounding off to two decimal places.

b) Selling Shareholders

| S No. | Name of Selling shareholder   | Pre-Offer               |                                                       |                                                            |                                                                                 |
|-------|-------------------------------|-------------------------|-------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------|
|       |                               | Number of Equity Shares | Percentage of the pre-Offer Equity Share Capital (%)* | Number of Equity Shares, including upon conversion of CCPS | Percentage^ of the pre-Offer Equity Share Capital on a fully diluted basis (%)# |
|       | Promoter Selling Shareholders |                         |                                                       |                                                            |                                                                                 |
| 1.    | Dr. Ramesh Kancharla          | 36,849,284              | 39.18                                                 | 36,849,284                                                 | 38.25                                                                           |
| 2.    | Dr. Dinesh Kumar Chirla       | 8,560,000               | 9.10                                                  | 8,560,000                                                  | 8.89                                                                            |
| 3.    | Dr. Adarsh Kancharla          | 7,555,452               | 8.03                                                  | 7,555,452                                                  | 7.84                                                                            |
|       | Investor Selling Shareholders |                         |                                                       |                                                            |                                                                                 |
| 4.    | CDC Group                     | 18,118,981              | 19.26                                                 | 19,265,752                                                 | 20.00                                                                           |
| 5.    | CDC India                     | 8,933,163               | 9.50                                                  | 10,066,472                                                 | 10.45                                                                           |
|       | Other Selling Shareholder     |                         |                                                       |                                                            |                                                                                 |
| 6.    | Padma Kancharla               | 608,448                 | 0.65                                                  | 608,448                                                    | 0.63                                                                            |
| 7.    | Total                         | 80.625.328              | 85.72^                                                | 82.905.408                                                 | 86.06^                                                                          |

\* Excludes the impact of conversion of Series A CCPS and Series B CCPS.

# The percentage of the pre-Offer Equity Share capital on a fully diluted basis has been calculated after assuming conversion of Series A CCPS and Series B CCPS. 1,146,771 Series A CCPS held by CDC Group and 1,133,309 Series B CCPS held by CDC India, will be converted into 1,146,771 Equity Shares and 1,133,309 Equity Shares respectively, prior to filing of the Red Herring Prospectus with the RoC.

^ Subject to the impact of rounding off to two decimal places.

**Select Financial Information**

The following details of our equity share capital, Net Worth, Net Asset Value per Equity Share and Borrowings as at September 30, 2021 and September 30, 2020 and for the Fiscals ended March 31, 2021, March 31, 2020 and March 31, 2019 and total revenue from operations, profit after tax and earnings per Equity Share (basic and diluted) for the six months period ended September 30, 2021 and September 30, 2020 and for the Fiscals 2021, 2020 and 2019 are derived from the Restated Consolidated Financial Information:

(In ₹ million, except per share data)

| Particulars                                                                                                 | As at and for the six months period ended September 30, 2021 | As at and for the six months period ended September 30, 2020 | Fiscal 2021 | Fiscal 2020 | Fiscal 2019 |
|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|-------------|-------------|-------------|
| Equity share capital                                                                                        | 549.03                                                       | 549.03                                                       | 549.03      | 549.03      | 549.03      |
| Net Worth <sup>(1)</sup>                                                                                    | 5,178.34                                                     | 4,282.99                                                     | 4,454.68    | 4,045.08    | 3,712.56    |
| Total Income                                                                                                | 5,195.92                                                     | 3,155.67                                                     | 6,603.10    | 7,297.37    | 5,511.44    |
| Profit for the period/year                                                                                  | 812.18                                                       | 233.15                                                       | 395.68      | 553.40      | 445.90      |
| Profit for the period/year attributable to equity shareholders of parent                                    | 811.29                                                       | 235.19                                                       | 400.18      | 557.29      | 445.90      |
| Earnings per share of face value of ₹ 10/- each attributable to equity holders of the parent <sup>(2)</sup> |                                                              |                                                              |             |             |             |
| - Basic, computed on the basis of profit attributable to equity holders (₹)                                 | 8.78*                                                        | 2.56*                                                        | 4.36        | 5.98        | 4.83        |
| - Diluted, computed on the basis of profit attributable to equity holders (₹)                               | 8.62*                                                        | 2.50*                                                        | 4.25        | 5.92        | 4.74        |
| Net asset value per equity share <sup>(2)(3)</sup> (₹)                                                      | 56.82                                                        | 47.13                                                        | 48.82       | 44.57       | 40.52       |
| Borrowings <sup>(4)</sup>                                                                                   | 427.28                                                       | 482.54                                                       | 479.67      | 576.80      | 526.42      |

\* Not annualised

Notes:

1. "Net worth" has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
2. Pursuant to a board resolution dated November 27, 2021 and shareholders resolution dated November 30, 2021, bonus equity shares have been issued in the ratio of 1:1 for every one equity share and every one preference share held. For calculation of EPS and Net asset value per equity share, bonus equity shares have been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented.

Pursuant to board resolutions dated October 14, 2021 and October 22, 2021, the Company has issued and allotted Equity Shares through rights issue to an existing shareholder on 22 October 2021. The exercise price is less than the fair value of the equity shares and hence the inherent discount is similar to a bonus issue as per Ind AS 33. In line with the requirements of Ind AS 33 for the purpose of EPS calculations and for Net asset value per equity share, the bonus element in rights issue of shares has been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented. The equity shares allotted through a rights issue (excluding the bonus element thereon) and the bonus shares issued in the ratio of 1:1 for such rights issue have not been considered for the purpose of computation of EPS and Net asset value.

3. Net asset value per equity share: Net assets at the end of the respective periods/years divided by number equity shares outstanding at the end of respective periods/years. Net Assets means total assets minus total liabilities.
4. Borrowings consist of Current and Non-Current borrowings as per our Restated Consolidated Financial Information.

**Reconciliation of Net Worth:**

(₹ in million)

| Particulars           | September 30, 2021 | September 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|-----------------------|--------------------|--------------------|----------------|----------------|----------------|
| Share capital         | 549.03             | 549.03             | 549.03         | 549.03         | 549.03         |
| Other equity          | 4,638.26           | 3,742.91           | 3,914.60       | 3,505.00       | 3,172.48       |
| Less: Capital reserve | 8.95               | 8.95               | 8.95           | 8.95           | 8.95           |
| Net Worth             | 5,178.34           | 4,282.99           | 4,454.68       | 4,045.08       | 3,712.56       |

**Reconciliation of Net asset value per equity share:**

(₹ in million, except per share data)

| Particulars                                    | As at,             |                    |                 |                 |                 |
|------------------------------------------------|--------------------|--------------------|-----------------|-----------------|-----------------|
|                                                | September 30, 2021 | September 30, 2020 | March 31, 2021  | March 31, 2020  | March 31, 2019  |
| Total Assets (A)                               | 11,797.72          | 10,299.09          | 10,812.67       | 10,192.37       | 9,263.96        |
| Total liabilities (B)                          | 6,579.01           | 5,970.11           | 6,328.91        | 6,099.23        | 5,542.45        |
| Net Assets (C) = (A) – (B)                     | <b>5,218.71</b>    | <b>4,328.98</b>    | <b>4,483.76</b> | <b>4,093.14</b> | <b>3,721.51</b> |
| No. of equity shares outstanding (D)*          | 91,844,961         | 91,844,961         | 91,844,961      | 91,844,961      | 91,844,961      |
| Net asset value per equity share (E) = (C)/(D) | <b>56.82</b>       | <b>47.13</b>       | <b>48.82</b>    | <b>44.57</b>    | <b>40.52</b>    |

\* Pursuant to a board resolution dated November 27, 2021 and a shareholders' resolution dated November 30,



2021, equity shares have been issued in the ratio of 1:1 for every one equity share and every one preference share held. For calculation of EPS and Net asset value per equity share, bonus equity shares have been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented.

Pursuant to board resolutions dated October 14, 2021 and October 22, 2021, the Company has issued and allotted equity shares through rights issue to an existing shareholder on October 22, 2021. The exercise price is less than the fair value of the equity shares and hence the inherent discount is similar to a bonus issue as per Ind AS 33. In line with the requirements of Ind AS 33 for the purpose of EPS calculations and for Net asset value per equity share, the bonus element in rights issue of shares has been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented. The equity shares allotted through a rights issue (excluding the bonus element thereon) and the bonus shares issued in the ratio of 1:1 for such rights issue have not been considered for the purpose of computation of EPS and Net asset value.

For further details, see "Other Financial Information" on page 338.

### **Qualifications of the Auditors which have not been given effect to in the Restated Consolidated Financial Information**

There were no auditor qualifications in the Restated Consolidated Financial Information, which require adjustment in the Restated Consolidated Financial Information. For further details, see "Restated Consolidated Financial Information - Annexure VI – Statement of Adjustments to Restated Consolidated Financial Information – Part D – Non adjusting items" on page 294.

### **Summary of Outstanding Litigation**

A summary of outstanding litigation proceedings involving our Company, Promoters, Directors, Subsidiaries and Group Companies as on the date of this Draft Red Herring Prospectus, as disclosed in the section titled "Outstanding Litigation and Material Developments" in terms of the SEBI ICDR Regulations and the Materiality Policy is provided below:

| Name of entity        | Criminal proceedings | Tax proceedings | Statutory or regulatory proceedings | Disciplinary actions by the SEBI or or Stock Exchanges against our Promoters | Material civil litigations | Aggregate amount involved (Rs. in Millions.) |
|-----------------------|----------------------|-----------------|-------------------------------------|------------------------------------------------------------------------------|----------------------------|----------------------------------------------|
| <b>Company</b>        |                      |                 |                                     | NA                                                                           |                            |                                              |
| By the Company        | 1                    | Nil             | Nil                                 |                                                                              | 3                          | 31.43                                        |
| Against the Company   | 3                    | 12 <sup>^</sup> | Nil                                 |                                                                              | 9                          | 253.52                                       |
| <b>Directors</b>      |                      |                 |                                     |                                                                              |                            |                                              |
| By our Directors      | Nil                  | Nil             | Nil                                 |                                                                              | Nil                        | N.A.                                         |
| Against the Directors | 1 <sup>^^</sup>      | Nil             | Nil                                 |                                                                              | 1 <sup>^^</sup>            | 10                                           |
| <b>Promoters</b>      |                      |                 |                                     |                                                                              |                            |                                              |
| By Promoters          | Nil                  | Nil             | Nil                                 | Nil                                                                          | Nil                        | N.A.                                         |
| Against Promoters     | 1                    | Nil             | Nil                                 | Nil                                                                          | 1                          | 10                                           |
| <b>Subsidiaries</b>   |                      |                 |                                     |                                                                              |                            |                                              |
| By Subsidiaries       | Nil                  | Nil             | Nil                                 |                                                                              | Nil                        | N.A.                                         |
| Against Subsidiaries  | Nil                  | Nil             | Nil                                 | NA                                                                           | Nil                        | N.A.                                         |

\*To the extent quantifiable.

<sup>^</sup> There are six material tax proceedings above the materiality threshold of ₹ 3.96 million.

<sup>^^</sup> Includes litigation involving Dr. Ramesh Kancharla and Dr. Dinesh Kumar Chirla, who are also Promoters of the Company.

For further details of the outstanding litigation proceedings, see "Outstanding Litigation and Material Developments" on page 370.

## Risk Factors

Specific attention of the investors is invited to “*Risk Factors*” on page 35.

## Summary of Contingent Liabilities of our Company

Details of the contingent liabilities (as per Ind AS 37) of our Company as on September 30, 2021 derived from the Restated Consolidated Financial Information are set forth below:

| (₹ in million)                                                            |                          |
|---------------------------------------------------------------------------|--------------------------|
| Particulars                                                               | As at September 30, 2021 |
| (i) Demands under dispute                                                 |                          |
| - Value added tax, central sales tax and service tax demand under dispute | 32.03                    |
| - Luxury tax demand under dispute                                         | 18.55                    |
| (ii) Claims against the Group not acknowledged as debt                    | 99.71                    |

For further details of the contingent liabilities (as per Ind AS 37) of our Company as at September 30, 2021, see “*Restated Consolidated Financial Information – Note 2.30 – Contingent liabilities and commitments*” on page 315.

## Summary of Related Party Transactions

Summary of the related party transactions as per Ind AS 24-Related Party Disclosures, read with the SEBI ICDR Regulations, derived from Restated Consolidated Financial Information, is as follows:

### Names of the related parties and description of relationship:

|                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key managerial personnel (KMP)                                                                       | Dr. Ramesh Kancharla, Chairman and Managing Director<br>Dr. Dinesh Kumar Chirla, Whole-Time Director<br>Dr. Anil Dhawan, Independent Director (appointed w.e.f. 30 August 2018)<br>Mr. Santanu Mukherjee, Independent Director (appointed w.e.f. 22 October 2021)<br>Ms. Sundari Raviprasad Pisupati, Independent Director (appointed w.e.f. 16 September 2021)<br>Mr. Aluri Srinivasa Rao, Independent Director (appointed w.e.f. 15 March 2019)<br>Mr. R. Gowrisankar, Chief Financial Officer (appointed w.e.f. 14 June 2019)<br>Mr. Pawan Kumar Mittal, Company Secretary (resigned w.e.f. 31 March 2021)<br>Ms. Pratusha Channamalla, Company Secretary (appointed w.e.f. 01 September 2021, resigned w.e.f. 22 October 2021)<br>Mr. Ashish Kapil, Company Secretary (appointed w.e.f. 22 October 2021)<br>Mr. Yugandhar Meka, Independent director (resigned w.e.f. 16 September 2021)<br>Mr. K.B.R Menon, Independent Director (resigned w.e.f. 15 March 2019)<br>Mrs. Ranjana Kumar, Independent Director (resigned w.e.f. 15 March 2019) |
| Relative of key managerial personnel                                                                 | Mrs. Padma Kancharla, wife of Dr. Ramesh Kancharla<br>Dr. Adarsh Kancharla, son of Dr. Ramesh Kancharla<br>Mr. Ramadhara Naidu Kancharla, brother of Dr. Ramesh Kancharla                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Enterprise exercising significant influence on the Group                                             | CDC Group plc<br>CDC India Opportunities Limited<br>CDC Emerging Markets Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Enterprises where key managerial personnel along with their relatives exercise significant influence | Ravindranath GE Medical Associates Private Limited<br>Rainbow Children’s Foundation (Trust)<br>Sesha Sarojini Medical Infra Private Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

Following is the summary of significant related party transactions during the period/year:

(₹ in million)

|                                                       | For the<br>Six months period<br>ended<br>30 September<br>2021 | For the<br>Six months<br>period ended<br>30 September<br>2020 | For the<br>Year<br>ended<br>31 March<br>2021 | For the<br>Year<br>ended<br>31 March<br>2020 | For the<br>Year<br>ended<br>31 March<br>2019 |
|-------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Revenue from professional services rendered</b>    |                                                               |                                                               |                                              |                                              |                                              |
| - Ravindranath GE Medical Associates Private Limited  | 0.00                                                          | 0.10                                                          | 0.10                                         | 0.02                                         | 0.02                                         |
| - Rainbow Children's Foundation (Trust)               | 0.50                                                          | 2.15                                                          | 3.14                                         | 0.72                                         | 2.90                                         |
| <b>Professional services received</b>                 |                                                               |                                                               |                                              |                                              |                                              |
| - Ravindranath GE Medical Associates Private Limited  | 3.27                                                          | 0.74                                                          | 1.42                                         | 1.90                                         | 1.48                                         |
| <b>Professional charges paid</b>                      |                                                               |                                                               |                                              |                                              |                                              |
| - Dr. Dinesh Kumar Chirla                             | 9.77                                                          | 6.56                                                          | 13.59                                        | 19.20                                        | 16.42                                        |
| - Mr. Ramadhara Naidu Kancharla                       | 1.35                                                          | 0.83                                                          | 1.88                                         | 4.74                                         | 5.48                                         |
| <b>Expenses incurred on behalf of related parties</b> |                                                               |                                                               |                                              |                                              |                                              |
| - Mr. Ramadhara Naidu Kancharla                       | -                                                             | 0.07                                                          | 0.14                                         | 0.15                                         | 0.20                                         |
| <b>Rent paid to KMP</b>                               |                                                               |                                                               |                                              |                                              |                                              |
| - Dr. Ramesh Kancharla                                | -                                                             | -                                                             | -                                            | -                                            | 1.20                                         |
| <b>Remuneration including variable fee to KMP^</b>    |                                                               |                                                               |                                              |                                              |                                              |
| - Dr. Ramesh Kancharla                                | 30.98                                                         | 21.52                                                         | 78.07                                        | 71.92                                        | 69.88                                        |
| - Dr. Dinesh Kumar Chirla                             | 7.20                                                          | 5.20                                                          | 11.20                                        | 12.00                                        | 12.15                                        |
| - Mr. R.Gowrisankar                                   | 4.53                                                          | 2.63                                                          | 6.43                                         | 5.08                                         | -                                            |
| - Mr. Pawan Kumar Mittal                              | -                                                             | 0.86                                                          | 1.86                                         | 2.10                                         | -                                            |
| - Ms. Pratusha Channamalla                            | 0.05                                                          | -                                                             | -                                            | -                                            | -                                            |
| <b>Commission to Independent Directors</b>            |                                                               |                                                               |                                              |                                              |                                              |
| - Mr. Yugandhar Meka                                  | 0.60                                                          | 0.60                                                          | 0.60                                         | 0.60                                         | 0.60                                         |
| - Mr. Aluri Srinivasa Rao                             | 0.60                                                          | 0.60                                                          | 0.60                                         | 0.60                                         | -                                            |
| - Dr. Anil Dhawan                                     | 0.60                                                          | 0.60                                                          | 0.60                                         | 0.35                                         | -                                            |
| Mr. K.B.R Menon                                       | -                                                             | -                                                             | -                                            | -                                            | 0.60                                         |
| Mrs. Ranjana Kumar                                    | -                                                             | -                                                             | -                                            | -                                            | 0.60                                         |
| <b>Sitting fees paid to Independent Directors</b>     |                                                               |                                                               |                                              |                                              |                                              |
| - Mr. Yugandhar Meka                                  | 0.10                                                          | 0.05                                                          | 0.20                                         | 0.18                                         | 0.20                                         |
| - Dr. Anil Dhawan                                     | 0.08                                                          | 0.03                                                          | 0.10                                         | 0.08                                         | 0.05                                         |
| - Mr. Aluri Srinivasa Rao                             | 0.10                                                          | 0.05                                                          | 0.15                                         | 0.10                                         | -                                            |

|                                                                                | For the<br>Six months period<br>ended<br>30 September<br>2021 | For the<br>Six months<br>period ended<br>30 September<br>2020 | For the<br>Year<br>ended<br>31 March<br>2021 | For the<br>Year<br>ended<br>31 March<br>2020 | For the<br>Year<br>ended<br>31 March<br>2019 |
|--------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| - Mr. K.B.R Menon                                                              | -                                                             | -                                                             | -                                            | -                                            | 0.23                                         |
| - Mrs. Ranjana Kumar                                                           | -                                                             | -                                                             | -                                            | -                                            | 0.13                                         |
|                                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Leave Travel Allowance to KMP</b>                                           |                                                               |                                                               |                                              |                                              |                                              |
| - Dr. Ramesh Kancharla                                                         | -                                                             | -                                                             | -                                            | 1.00                                         | -                                            |
| - Dr. Dinesh Kumar Chirla                                                      | -                                                             | -                                                             | -                                            | -                                            | 0.24                                         |
|                                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Expenditure incurred on behalf KMP</b>                                      |                                                               |                                                               |                                              |                                              |                                              |
| - Dr. Ramesh Kancharla                                                         | 0.01                                                          | 0.30                                                          | 0.34                                         | 0.36                                         | -                                            |
|                                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Civil works</b>                                                             |                                                               |                                                               |                                              |                                              |                                              |
| - Sessa Sarojini Medical Infra Private Limited                                 | 1.22                                                          | -                                                             | 35.12                                        | 38.59                                        | 75.90                                        |
|                                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Purchase of equity shares in Unimed Healthcare Private Limited</b>          |                                                               |                                                               |                                              |                                              |                                              |
| - Dr. Adarsh Kancharla                                                         | -                                                             | -                                                             | 80.00                                        | -                                            | -                                            |
|                                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Sale of investment - equity shares of Unimed Healthcare Private Limited</b> |                                                               |                                                               |                                              |                                              |                                              |
| - Mrs. Padma Kancharla                                                         | 80.00                                                         | -                                                             | -                                            | -                                            | -                                            |
| - Gain on sale of equity                                                       | 8.20                                                          | -                                                             | -                                            | -                                            | -                                            |
|                                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Issue of 9.50% redeemable non-convertible debentures</b>                    |                                                               |                                                               |                                              |                                              |                                              |
| - CDC Emerging Markets Limited                                                 | -                                                             | -                                                             | -                                            | -                                            | 400.00                                       |
|                                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Redemption of 9.50% redeemable non-convertible debentures</b>               |                                                               |                                                               |                                              |                                              |                                              |
| - CDC Emerging Markets Limited                                                 | 50.00                                                         | 50.00                                                         | 50.00                                        | -                                            | -                                            |
|                                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Interest on 9.50% redeemable non-convertible debentures</b>                 |                                                               |                                                               |                                              |                                              |                                              |
| - CDC Emerging Markets Limited                                                 | 20.70                                                         | 20.24                                                         | 44.47                                        | 47.57                                        | 22.91                                        |
|                                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Dividend paid during the period/year to KMP and relative of KMP</b>         |                                                               |                                                               |                                              |                                              |                                              |
| - Dr. Ramesh Kancharla                                                         | 40.03                                                         | -                                                             | -                                            | 60.04                                        | 20.01                                        |
| - Dr. Dinesh Kumar Chirla                                                      | 9.60                                                          | -                                                             | -                                            | 14.40                                        | 4.80                                         |
| - Mrs. Padma Kancharla                                                         | 3.60                                                          | -                                                             | -                                            | 5.40                                         | 1.80                                         |
| - Dr. Adarsh Kancharla                                                         | 4.62                                                          | -                                                             | -                                            | 6.94                                         | 2.31                                         |
|                                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Dividend paid (on equity share capital and Series A</b>                     |                                                               |                                                               |                                              |                                              |                                              |

|                                                                                                                                                                                                                                                                                                                                                       | For the<br>Six months period<br>ended<br>30 September<br>2021 | For the<br>Six months<br>period ended<br>30 September<br>2020 | For the<br>Year<br>ended<br>31 March<br>2021 | For the<br>Year<br>ended<br>31 March<br>2020 | For the<br>Year<br>ended<br>31 March<br>2019 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>compulsorily convertible preference shares)</b>                                                                                                                                                                                                                                                                                                    |                                                               |                                                               |                                              |                                              |                                              |
| - CDC Group plc                                                                                                                                                                                                                                                                                                                                       | 19.27                                                         | -                                                             | -                                            | 28.86                                        | 9.63                                         |
|                                                                                                                                                                                                                                                                                                                                                       |                                                               |                                                               |                                              |                                              |                                              |
| <b>Dividend paid (on equity share capital and Series B compulsorily convertible preference shares)</b>                                                                                                                                                                                                                                                |                                                               |                                                               |                                              |                                              |                                              |
| - CDC India Opportunities Limited                                                                                                                                                                                                                                                                                                                     | 10.07                                                         | -                                                             | -                                            | 15.10                                        | 5.03                                         |
| <p>^ The KMP's are covered by the Group's gratuity policy and are eligible for compensated absences along with other employees of the Group. The proportionate amount of gratuity and compensated absences cost pertaining to the KMP has not been included in the aforementioned disclosures as these are not determined on an individual basis.</p> |                                                               |                                                               |                                              |                                              |                                              |
| <b>Transactions within the Group: (these transactions got eliminated in Restated Consolidated Financial Information)*</b>                                                                                                                                                                                                                             |                                                               |                                                               |                                              |                                              |                                              |
| <b>Revenue from pharmacy sales</b>                                                                                                                                                                                                                                                                                                                    |                                                               |                                                               |                                              |                                              |                                              |
| - Rainbow Speciality Hospitals Private Limited                                                                                                                                                                                                                                                                                                        | 1.54                                                          | 5.93                                                          | 8.10                                         | 10.46                                        | -                                            |
| - Rosewalk Healthcare Private Limited                                                                                                                                                                                                                                                                                                                 | 7.61                                                          | 6.42                                                          | 12.19                                        | 3.62                                         | -                                            |
|                                                                                                                                                                                                                                                                                                                                                       |                                                               |                                                               |                                              |                                              |                                              |
| <b>Other Operating Income</b>                                                                                                                                                                                                                                                                                                                         |                                                               |                                                               |                                              |                                              |                                              |
| - Rainbow Speciality Hospitals Private Limited                                                                                                                                                                                                                                                                                                        | 0.70                                                          | 2.10                                                          | 4.20                                         | 2.50                                         | -                                            |
| - Rosewalk Healthcare Private Limited                                                                                                                                                                                                                                                                                                                 | 2.23                                                          | 1.38                                                          | 3.11                                         | 1.40                                         | -                                            |
|                                                                                                                                                                                                                                                                                                                                                       |                                                               |                                                               |                                              |                                              |                                              |
| <b>Medical consumables and pharmacy items</b>                                                                                                                                                                                                                                                                                                         |                                                               |                                                               |                                              |                                              |                                              |
| - Rainbow Speciality Hospitals Private Limited                                                                                                                                                                                                                                                                                                        | 1.10                                                          | 1.46                                                          | 3.85                                         | 2.19                                         | -                                            |
| - Rosewalk Healthcare Private Limited                                                                                                                                                                                                                                                                                                                 | 0.08                                                          | 0.11                                                          | 0.14                                         | 0.64                                         | -                                            |
|                                                                                                                                                                                                                                                                                                                                                       |                                                               |                                                               |                                              |                                              |                                              |
| <b>Interest income on inter-corporate deposit</b>                                                                                                                                                                                                                                                                                                     |                                                               |                                                               |                                              |                                              |                                              |
| - Rainbow Children's Hospital Private Limited                                                                                                                                                                                                                                                                                                         | 0.00                                                          | -                                                             | -                                            | 0.01                                         | 0.01                                         |
| - Rainbow Women & Children's Hospital Private Limited                                                                                                                                                                                                                                                                                                 | 0.02                                                          | 0.01                                                          | 0.03                                         | 0.18                                         | 0.19                                         |
| - Rainbow Speciality Hospitals Private Limited                                                                                                                                                                                                                                                                                                        | 2.36                                                          | 3.16                                                          | 5.60                                         | 8.90                                         | 0.87                                         |
| - Rosewalk Healthcare Private Limited                                                                                                                                                                                                                                                                                                                 | 10.64                                                         | 9.74                                                          | 20.25                                        | 14.27                                        | 1.15                                         |
| - Rainbow Fertility Private Limited                                                                                                                                                                                                                                                                                                                   | 0.05                                                          | 0.03                                                          | 0.06                                         | 0.02                                         | -                                            |
| - Rainbow C R O Private Limited                                                                                                                                                                                                                                                                                                                       | 0.00                                                          | 0.00                                                          | 0.01                                         | -                                            | -                                            |
|                                                                                                                                                                                                                                                                                                                                                       |                                                               |                                                               |                                              |                                              |                                              |

|                                                                | For the<br>Six months period<br>ended<br>30 September<br>2021 | For the<br>Six months<br>period ended<br>30 September<br>2020 | For the<br>Year<br>ended<br>31 March<br>2021 | For the<br>Year<br>ended<br>31 March<br>2020 | For the<br>Year<br>ended<br>31 March<br>2019 |
|----------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Investment in equity share capital</b>                      |                                                               |                                                               |                                              |                                              |                                              |
| - Rainbow Speciality Hospitals Private Limited                 | -                                                             | -                                                             | 16.46                                        | 136.90                                       | -                                            |
| - Rainbow Fertility Private Limited                            | -                                                             | -                                                             | -                                            | 45.00                                        | -                                            |
| - Rainbow C R O Private Limited                                | -                                                             | -                                                             | -                                            | 0.10                                         | -                                            |
|                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Inter-corporate deposits placed</b>                         |                                                               |                                                               |                                              |                                              |                                              |
| - Rainbow Children's Hospital Private Limited                  | 0.02                                                          | -                                                             | -                                            | 0.03                                         | 0.03                                         |
| - Rainbow Women & Children's Hospital Private Limited          | 0.02                                                          | 0.49                                                          | 0.49                                         | -                                            | -                                            |
| - Rainbow Speciality Hospitals Private Limited                 | -                                                             | -                                                             | -                                            | 130.12                                       | 92.42                                        |
| - Rosewalk Healthcare Private Limited                          | 26.80                                                         | 25.11                                                         | 60.50                                        | 117.17                                       | 92.48                                        |
| - Rainbow Fertility Private Limited                            | 0.82                                                          | -                                                             | -                                            | 0.68                                         | -                                            |
| - Rainbow C R O Private Limited                                | -                                                             | -                                                             | -                                            | 0.10                                         | -                                            |
|                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Inter-corporate deposit realised</b>                        |                                                               |                                                               |                                              |                                              |                                              |
| - Rainbow Speciality Hospitals Private Limited                 | 51.45                                                         | 37.57                                                         | 39.23                                        | 131.94                                       | -                                            |
| - Rosewalk Healthcare Private Limited                          | 27.00                                                         | 8.01                                                          | 34.44                                        | 14.76                                        | -                                            |
|                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Inter-corporate deposit written off</b>                     |                                                               |                                                               |                                              |                                              |                                              |
| - Rainbow Women & Children's Hospital Private Limited          | -                                                             | -                                                             | -                                            | 2.04                                         | -                                            |
| - Rainbow Children's Hospital Private Limited                  | -                                                             | -                                                             | -                                            | 0.14                                         | -                                            |
|                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Interest accrued on inter corporate deposit written off</b> |                                                               |                                                               |                                              |                                              |                                              |
| - Rainbow Women & Children's Hospital Private Limited          | -                                                             | -                                                             | -                                            | 2.47                                         | -                                            |
| - Rainbow Children's Hospital Private Limited                  | -                                                             | -                                                             | -                                            | 0.03                                         | -                                            |
|                                                                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Transactions by Rosewalk Healthcare Private Limited</b>     |                                                               |                                                               |                                              |                                              |                                              |
| <b>Rainbow Children's Medicare Limited</b>                     |                                                               |                                                               |                                              |                                              |                                              |
| Pharmacy sales                                                 | 0.08                                                          | 0.11                                                          | 0.14                                         | 0.64                                         | -                                            |

|                                                                             | For the<br>Six months period<br>ended<br>30 September<br>2021 | For the<br>Six months<br>period ended<br>30 September<br>2020 | For the<br>Year<br>ended<br>31 March<br>2021 | For the<br>Year<br>ended<br>31 March<br>2020 | For the<br>Year<br>ended<br>31 March<br>2019 |
|-----------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| Pharmacy purchases                                                          | 7.61                                                          | 6.42                                                          | 12.19                                        | 3.62                                         | -                                            |
| Medical service fees                                                        | 2.23                                                          | 1.38                                                          | 3.11                                         | 1.40                                         | -                                            |
| Inter-corporate deposit taken                                               | 26.80                                                         | 25.11                                                         | 60.50                                        | 117.17                                       | 92.48                                        |
| Inter-corporate deposit repaid                                              | 27.00                                                         | 8.01                                                          | 34.44                                        | 14.76                                        | -                                            |
| Interest on 'Inter-corporate<br>deposit                                     | 10.64                                                         | 9.74                                                          | 20.25                                        | 14.27                                        | 1.15                                         |
|                                                                             |                                                               |                                                               |                                              |                                              |                                              |
| <b>Transactions by Rainbow<br/>Speciality Hospitals Private<br/>Limited</b> |                                                               |                                                               |                                              |                                              |                                              |
| <b>Rainbow Children's<br/>Medicare Limited</b>                              |                                                               |                                                               |                                              |                                              |                                              |
| Pharmacy sales                                                              | 1.10                                                          | 1.46                                                          | 3.85                                         | 2.19                                         | -                                            |
| Pharmacy purchases                                                          | 1.54                                                          | 5.93                                                          | 8.10                                         | 10.46                                        | -                                            |
| Medical service fees                                                        | 0.70                                                          | 2.10                                                          | 4.20                                         | 2.50                                         | -                                            |
| Inter-corporate deposit taken                                               | -                                                             | -                                                             | -                                            | 130.12                                       | 92.42                                        |
| Inter-corporate deposit repaid                                              | 51.45                                                         | 37.57                                                         | 39.23                                        | 131.94                                       | -                                            |
| Interest on 'Inter-corporate<br>deposit                                     | 2.36                                                          | 3.16                                                          | 5.60                                         | 8.90                                         | 0.87                                         |
| Investment in share capital                                                 | -                                                             | -                                                             | 16.46                                        | 136.90                                       | -                                            |
|                                                                             |                                                               |                                                               |                                              |                                              |                                              |
| <b>Transactions by Rainbow<br/>Children's Hospital Private<br/>Limited</b>  |                                                               |                                                               |                                              |                                              |                                              |
| <b>Rainbow Children's<br/>Medicare Limited</b>                              |                                                               |                                                               |                                              |                                              |                                              |
| Inter-corporate deposit taken                                               | 0.02                                                          | -                                                             | -                                            | 0.03                                         | 0.03                                         |
| Interest on 'Inter-corporate<br>deposit                                     | 0.00                                                          | -                                                             | -                                            | 0.01                                         | 0.01                                         |
| Inter-corporate deposit<br>written back                                     | -                                                             | -                                                             | -                                            | 0.14                                         | -                                            |
| Interest on inter-corporate<br>deposit written back                         | -                                                             | -                                                             | -                                            | 0.03                                         | -                                            |
|                                                                             |                                                               |                                                               |                                              |                                              |                                              |
| <b>Transactions by Rainbow<br/>Fertility Private Limited</b>                |                                                               |                                                               |                                              |                                              |                                              |
| <b>Rainbow Children's<br/>Medicare Limited</b>                              |                                                               |                                                               |                                              |                                              |                                              |
| Inter-corporate deposit taken                                               | 0.82                                                          | -                                                             | -                                            | 0.68                                         | -                                            |
| Interest on 'Inter-corporate<br>deposit                                     | 0.05                                                          | 0.03                                                          | 0.06                                         | 0.02                                         | -                                            |
| Investment in share capital                                                 | -                                                             | -                                                             | -                                            | 45.00                                        | -                                            |
|                                                                             |                                                               |                                                               |                                              |                                              |                                              |
| <b>Transactions by Rainbow C<br/>R O Private Limited</b>                    |                                                               |                                                               |                                              |                                              |                                              |
| <b>Rainbow Children's<br/>Medicare Limited</b>                              |                                                               |                                                               |                                              |                                              |                                              |
| Inter-corporate deposit taken                                               | -                                                             | -                                                             | -                                            | 0.10                                         | -                                            |
| Interest on Inter-corporate<br>deposit                                      | 0.00                                                          | 0.00                                                          | 0.01                                         | -                                            | -                                            |
| Investment in share capital                                                 | -                                                             | -                                                             | -                                            | 0.10                                         | -                                            |
|                                                                             |                                                               |                                                               |                                              |                                              |                                              |
| <b>Transactions by Rainbow<br/>Women &amp; Children's</b>                   |                                                               |                                                               |                                              |                                              |                                              |

|                                                     | For the<br>Six months period<br>ended<br>30 September<br>2021 | For the<br>Six months<br>period ended<br>30 September<br>2020 | For the<br>Year<br>ended<br>31 March<br>2021 | For the<br>Year<br>ended<br>31 March<br>2020 | For the<br>Year<br>ended<br>31 March<br>2019 |
|-----------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Hospital Private Limited</b>                     |                                                               |                                                               |                                              |                                              |                                              |
| <b>Rainbow Children's<br/>Medicare Limited</b>      |                                                               |                                                               |                                              |                                              |                                              |
| Inter-corporate deposit taken                       | 0.02                                                          | 0.49                                                          | 0.49                                         | -                                            | -                                            |
| Interest on 'Inter-corporate<br>deposit             | 0.02                                                          | 0.01                                                          | 0.03                                         | 0.18                                         | 0.19                                         |
| Inter-corporate deposit<br>written back             | -                                                             | -                                                             | -                                            | 2.04                                         | -                                            |
| Interest on inter-corporate<br>deposit written back | -                                                             | -                                                             | -                                            | 2.47                                         | -                                            |

\* As per Schedule VI (Para 11(I)(A)(i)(g)) of ICDR Regulations

For details of the related party transactions, see “Financial Information – Note 2.33 – Related Parties” on page 317.

### Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase of any securities of our Company, by any other person during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

### Weighted average price at which the specified securities were acquired by our Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus\*\*

The weighted average price at which the Equity Shares have been acquired by our Promoters and the Selling Shareholders, in the one year preceding the date of this Draft Red Herring Prospectus is provided below.

| S. No.                      | Name of the Shareholder              | Number of Equity<br>Shares acquired in<br>the one year<br>preceding the date of<br>this Draft Red<br>Herring Prospectus | Weighted average price per<br>Equity Share acquired (in ₹)* |
|-----------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <b>Promoters</b>            |                                      |                                                                                                                         |                                                             |
| 1.                          | Dr. Ramesh Kancharla <sup>1</sup>    | 20,352,642                                                                                                              | 13.26                                                       |
| 2.                          | Dr. Dinesh Kumar Chirla <sup>1</sup> | 4,280,000                                                                                                               | Nil                                                         |
| 3.                          | Dr. Adarsh Kancharla <sup>1</sup>    | 5,243,502                                                                                                               | Nil                                                         |
| <b>Selling Shareholders</b> |                                      |                                                                                                                         |                                                             |
| 4.                          | Mrs. Padma Kancharla                 | 304,224                                                                                                                 | Nil                                                         |
| 5.                          | CDC Group                            | 9,632,876                                                                                                               | Nil                                                         |
| 6.                          | CDC India                            | 5,033,236                                                                                                               | Nil                                                         |

\*As certified by Madhu Mantri and Associates, Chartered Accountants, in their certificate dated December 24, 2021.

#### Notes:

1. Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla and Dr. Adarsh Kancharla also form part of Selling Shareholders

The weighted average price at which the Preference Shares have been acquired by our Promoters and the Selling Shareholders, in the one year preceding the date of this Draft Red Herring Prospectus is provided below.

| S. No. | Name of the Shareholder | Number of Preference<br>acquired in the one<br>year preceding the date<br>of this Draft Red<br>Herring Prospectus | Weighted average price per<br>Preference Share acquired (in<br>₹) |
|--------|-------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
|--------|-------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|



| S. No.                      | Name of the Shareholder              | Number of Preference acquired in the one year preceding the date of this Draft Red Herring Prospectus | Weighted average price per Preference Share acquired (in ₹) |
|-----------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <b>Promoters</b>            |                                      |                                                                                                       |                                                             |
| 1.                          | Dr. Ramesh Kancharla <sup>1</sup>    | Nil                                                                                                   | Nil                                                         |
| 2.                          | Dr. Dinesh Kumar Chirla <sup>1</sup> | Nil                                                                                                   | Nil                                                         |
| 3.                          | Dr. Adarsh Kancharla <sup>1</sup>    | Nil                                                                                                   | Nil                                                         |
| <b>Selling Shareholders</b> |                                      |                                                                                                       |                                                             |
| 4.                          | Mrs. Padma Kancharla                 | Nil                                                                                                   | Nil                                                         |
| 5.                          | CDC Group                            | Nil                                                                                                   | Nil                                                         |
| 6.                          | CDC India                            | Nil                                                                                                   | Nil                                                         |

*\*As certified by Madhu Mantri and Associates, Chartered Accountants, in their certificate dated December 24, 2021.*

**Notes:**

1. Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla and Dr. Adarsh Kancharla also form part of Selling Shareholders

**Details of pre-Offer Placement**

Our Company is not contemplating a pre Offer placement.

**Average cost of acquisition for our Promoters and Selling Shareholders**

The average cost of acquisition per Equity Share by our Promoters and the Selling Shareholders, as at the date of this Draft Red Herring Prospectus, is:

| Name of the Promoter    | Number of Equity Shares held as on the date of this Draft Red Herring Prospectus | Average cost of acquisition per Equity Share (prior to the conversion of CCPS) (in ₹)* | Number of Equity Shares acquired (post conversion of CCPS) (in ₹) | Average cost of acquisition per Equity Share (post the conversion of CCPS) (in ₹)* |
|-------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Dr. Ramesh Kancharla    | 36,849,284                                                                       | 7.32                                                                                   | 36,849,284                                                        | 7.32                                                                               |
| Dr. Dinesh Kumar Chirla | 8,560,000                                                                        | 0.91                                                                                   | 8,560,000                                                         | 0.91                                                                               |
| Dr. Adarsh Kancharla    | 7,555,452                                                                        | Nil                                                                                    | 7,555,452                                                         | Nil                                                                                |

*\*As certified by Madhu Mantri and Associates, Chartered Accountants, in their certificate dated December 24, 2021.*

| Name of the Selling shareholder | Number of Equity Shares held as of the date of this Draft Red Herring Prospectus | Average cost of acquisition per Equity Share (prior to the conversion of CCPS) (in ₹)* | Number of Equity Shares acquired (post conversion of CCPS) (in ₹) # | Average cost of acquisition per Equity Share (post the conversion of CCPS) (in ₹)* |
|---------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Dr. Ramesh Kancharla            | 36,849,284                                                                       | 7.32                                                                                   | 36,849,284                                                          | 7.32                                                                               |
| Dr. Dinesh Kumar Chirla         | 8,560,000                                                                        | 0.91                                                                                   | 8,560,000                                                           | 0.91                                                                               |
| Dr. Adarsh Kancharla            | 7,555,452                                                                        | Nil                                                                                    | 7,555,452                                                           | Nil                                                                                |
| Mrs. Padma Kancharla            | 608,448                                                                          | Nil                                                                                    | 608,448                                                             | Nil                                                                                |
| CDC Group                       | 18,118,981                                                                       | 30.36                                                                                  | 19,265,752                                                          | 54.50                                                                              |
| CDC India                       | 8,933,163                                                                        | 12.35                                                                                  | 10,066,472                                                          | 110.29                                                                             |

*\*As certified by Madhu Mantri and Associates, Chartered Accountants, in their certificate dated December 24, 2021.*

*# As on the date of this Draft Red Herring Prospectus, CDC Group holds 1,146,771 Series A CCPS and CDC India holds 1,133,309 Series B CCPS, which will be converted into 1,146,771 Equity Shares and 1,133,309 Equity Shares respectively, prior to filing of the Red Herring Prospectus with the RoC.*

**Issue of Equity Shares for consideration other than cash in the last one year**

Our Company has not issued any Equity Shares in the one year immediately preceding the date of this Draft Red Herring Prospectus, for consideration other than cash.

**Split / Consolidation of Equity Shares in the last one year**

There has been no split or consolidation of the Equity Shares of our Company in the last one year.

## **CERTAIN CONVENTIONS, CURRENCY OF PRESENTATION, USE OF FINANCIAL INFORMATION AND MARKET DATA**

### **Certain Conventions**

All references to “India” in this Draft Red Herring Prospectus are to the Republic of India and its territories and possession and all references herein to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

All references to the “U.S.”, “USA” or “United States” are to the United States of America and its territories and possessions.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

### **Financial Data**

Unless stated otherwise or the context requires otherwise, the financial information and financial ratios in this Draft Red Herring Prospectus have been derived from the Restated Consolidated Financial Information.

The restated consolidated summary statements of our Group, as at September 30, 2021 and September 30, 2020 and March 31, 2021, March 31, 2020 and March 31, 2019, comprise the restated consolidated balance sheet as at and for six months period ended September 30, 2021 and September 30, 2020 and the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of changes in equity and the restated statement of cash flows for the six months period ended September 30, 2021 and September 30, 2020 and the years ended March 31, 2021, March 31, 2020 and March 31, 2019 of our Group, and the statement of significant accounting policies, and other explanatory information thereon, has been derived from audited interim consolidated financial statements as at and for the six months period ended September 30, 2021 and September 30, 2020 and audited consolidated financial statements as at and for the years ended March 31, 2021, 2020 and 2019 together with the annexures and notes thereto prepared in accordance with Ind AS, and together with the annexures and notes thereto, and restated in accordance with requirements of Section 26 of Part I of Chapter III of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by the ICAI, as approved by our Board of our Company at their meeting held on December 23, 2021 for the purpose of inclusion in this Draft Red Herring Prospectus.

The audited interim consolidated financial statements as at and for six months period ended September 30, 2021 and September 30, 2020 and audited consolidated financial statements as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 were audited by B S R & Associates LLP, Chartered Accountants.

For further information on our Company’s financial information, see “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 259 and 343.

Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that calendar year. Reference in this Draft Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year is to the 12 months ended on March 31 of such year, unless otherwise specified.

The degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and SEBI ICDR Regulations. Any reliance by persons not familiar with the aforementioned policies and laws on the financial disclosures presented in this Draft Red Herring Prospectus should be limited. There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide a reconciliation of its financial statements with Indian GAAP, IFRS or U.S. GAAP requirements. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. For further details in connection with risks involving differences between Ind AS and other accounting principles, see “*Risk Factors – Significant*

*differences exist between Ind AS used to prepare our financial information and other accounting principles, such as U.S. GAAP and IFRS, which may affect investors' assessments of our Company's financial condition."* on page 48.

Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Unless the context otherwise requires or indicates, any percentage or amounts (excluding certain operational metrics), with respect to financial information of our Company, as set forth in *"Risk Factors"*, *"Our Business"*, *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* on pages 35, 174 and 343, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of figures derived from the Restated Consolidated Financial Information.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. Except as otherwise stated, all figures derived from our Restated Consolidated Financial Information in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places.

### **Non-GAAP Measures**

Certain non-GAAP financial measures relating to our financial performance such as EBITDA, Adjusted EBITDA, Net Worth, Return on Net Worth, Net asset value, Net asset value per equity share, Return on Equity, Return on Capital Employed, Net Tangible assets, Operating profit, Monetary assets and Monetary assets as a percentage of the Net tangible assets have been included in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures relating to our financial performance as we consider such information to be useful measures of our business and financial performance. These non-GAAP financial measures and other information relating to financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies. See *"Risk Factors – Internal Risk Factors – Risks Related to our Business – This Draft Red Herring Prospectus contains certain Non-GAAP measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the industry."* on page 55

### **Currency and Units of Presentation**

All references to:

1. "Rupees" or "INR" or "Rs." or "₹" are to the Indian Rupee, the official currency of Republic of India;
2. "USD" or "US\$" or "\$" or "U.S. Dollar" are to the United States Dollar, the official currency of the United States of America; and
3. "GBP" or "£" are to British Pound, the official currency of the United Kingdom.

Except otherwise specified, our Company has presented certain numerical information in this Draft Red Herring Prospectus in "lakh", "million", "crore" "billion" and "trillion" units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

### **Time**

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

## Exchange Rates

This Draft Red Herring Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

| (in ₹)   |                          |                          |                      |                      |                                     |
|----------|--------------------------|--------------------------|----------------------|----------------------|-------------------------------------|
| Currency | As of September 30, 2021 | As of September 30, 2020 | As on March 31, 2021 | As on March 31, 2020 | As on March 31, 2019 <sup>(1)</sup> |
| 1 USD    | 74.23                    | 73.80                    | 73.50                | 75.39                | 69.17                               |
| 1 GBP    | 99.86                    | 94.73                    | 100.95               | 93.08                | 90.48                               |

(Source: [www.fbiil.org.in](http://www.fbiil.org.in))

(1) Exchange rate as on March 29, 2019 has been disclosed as reference rate is not available for March 30, 2019 being Saturday and March 31, 2019 being a Sunday.

## Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus, including in “Industry Overview” and “Our Business” on pages 133 and 174, respectively, has been obtained or derived from the report titled “Assessment of maternity and paediatric healthcare delivery sectors in India” dated November, 2021 prepared by CRISIL (“**CRISIL Report**”) and publicly available information as well as other industry publications and sources. The CRISIL Report has been commissioned and paid for by our Company. For further details in relation to risks involving in this regard, see “Risk Factors – This Draft Red Herring Prospectus contains information from third parties including an industry report prepared by an independent third-party research agency, CRISIL, which we have commissioned and paid for purposes of confirming our understanding of the industry exclusively in connection with the Offer. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.” on page 55.

## Disclaimer by CRISIL

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus, including in “Our Business” and “Industry Overview” on pages 174 and 133, respectively, has been obtained or derived from the report titled “Assessment of maternity and paediatric healthcare delivery sectors in India” dated November, 2021 prepared by CRISIL and publicly available information as well as other industry publications and sources. The CRISIL Report has been commissioned by our Company. For further details in relation to risks involving in this regard, see “Risk Factors – This Draft Red Herring Prospectus contains information from third parties including an industry report prepared by an independent third-party research agency, CRISIL, which we have commissioned and paid for purposes of confirming our understanding of the industry exclusively in connection with the Offer. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.” on page 55.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable. Accordingly, no investment decisions should be made based on such information. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “Risk Factors” on page 35. Accordingly, investment decisions should not be based solely on such information.

Certain information in the sections entitled “Summary of the Offer Document”, “Industry Overview” “Our Business” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on pages 14, 133, 174 and 343, respectively, of this Draft Red Herring Prospectus has been obtained from the

report titled “Assessment of maternity and paediatric healthcare delivery sectors in India” dated November, 2021 prepared by CRISIL which has issued the following disclaimer:

*“CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Rainbow Children’s Medicare Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL’s prior written approval.”*

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

In accordance with the SEBI ICDR Regulations, “Basis for Offer Price” on page 124, includes information relating to our peer group companies. Such information has been derived from publicly available sources.

## **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES**

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. The Equity Shares offered in the Offer have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”) pursuant to Section 4(a) of the U.S. Securities Act and (b) outside of the United States in offshore transactions as defined in and in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

## FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain statements which are not statements of historical facts and may be described as “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “are likely”, “believe”, “continue”, “can”, “shall”, “could”, “expect”, “estimate”, “intend”, “may”, “likely”, “objective”, “plan”, “project”, “propose”, “seek to”, “will”, “will continue”, “will likely”, “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. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. However, these are not the exclusive means of identifying forward looking statements.

All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities, investments, or the industry in which we operate, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations, taxes, changes in competition in the industry in which we operate and incidents of any natural calamities and/or acts of violence. Certain important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

1. We are dependent on our medical professionals and our business and financial results could be impacted if we are not able to attract and retain such medical professionals;
2. We engage doctors primarily on a consultancy service contract basis and there is no assurance that our doctors will not prematurely terminate their agreements;
3. The COVID-19 pandemic has affected our regular business operations and may continue to do so, depending on the severity and duration of the COVID-19 pandemic;
4. If we fail to manage our growth or implement our growth strategies (which include expansion into new geographies), our business, financial condition and results of operations may suffer;
5. We operate in a regulated industry, and compliance with applicable safety, health, environmental, labor and other regulations, or failure to obtain or renew approvals, licenses, registrations and permits, may adversely affect our business, results of operations and cash flows. Further, adverse regulatory changes in the healthcare industry could also adversely affect our business, results of operations and cash flows;
6. Our business depends on the strength of our brand and reputation. Failure to maintain and enhance our brand and reputation, and any negative publicity and allegations in the media against us, may materially and adversely affect the level of market recognition of, and trust in, our services, which could result in a material adverse impact on our business, financial condition, results of operations and prospects;
7. Challenges that affect the healthcare industry will have an effect on our operations;
8. We face intense competition from other healthcare service providers. If we are unable to compete effectively, our business, results of operations and cash flows may be materially and adversely affected;
9. Our revenues are highly dependent on our hospitals in Hyderabad and Bengaluru. We are also significantly dependent on certain specialties for a majority of our revenues. Any impact on the revenues from these hospitals or specialties could materially affect our business, financial condition, results of operations and cash flows; and



10. The objects of the Offer have not been appraised by any bank or financial institution. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control. Any variation in the utilization of the Net Proceeds or in the terms of the conditions as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders' approval.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” on pages 35, 174 and 343, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of our future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs, assumptions, current plans, estimates and expectations, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Neither our Company, our Directors, our Promoters, the BRLMs, the Selling Shareholders, the Syndicate Members nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company will ensure that investors in India are informed of material developments pertaining to our Company and the Equity Shares forming part of the Offer from the date of this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. In accordance with the SEBI requirements, each of the Selling Shareholders, severally and not jointly, shall ensure (through our Company) that the investors are informed of material developments in relation to statements and undertakings specifically confirmed or undertaken by the respective Selling Shareholders in relation to it and its respective portion of the Offered Shares from the date of this the Draft Red Herring Prospectus, until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

## SECTION II: RISK FACTORS

*An investment in our Equity Shares involves a high degree of risk. Prospective investors should carefully consider all information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any or some combination of the following risks actually occur, our business, prospects, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and prospective investors may lose all or part of their investment. Investors in our Equity Shares should pay particular attention to the fact that we are subject to extensive regulatory environment that may differ significantly from one jurisdiction to other.*

*We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties may not be the only ones we face. The risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future and may also impair our business. To obtain a complete understanding of our business, prospective investors should read this section in conjunction with the sections “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” beginning on pages 174, 343 and 259, respectively. In making an investment decision, prospective investors must rely on their own examination of our business and the terms of the Offer, including the merits and risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences to them of an investment in our Equity Shares.*

*This Draft Red Herring Prospectus also contains forward-looking statements, which refer to future events that involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results to be materially different from those expressed or implied by the forward-looking statements. See “Forward-Looking Statements” on page 33. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.*

*Unless otherwise indicated, the industry-related information contained in this Draft Red Herring Prospectus is derived from the CRISIL Report dated November 2021 which has been commissioned and paid for by our Company for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. We officially engaged CRISIL Research, in connection with the preparation of the CRISIL Report on September 28, 2021. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant financial year. The data included in this section includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Offer), that have been left out or changed in any manner.*

*Our financial year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular financial year are to the 12 months ended March 31 of that year.*

### INTERNAL RISK FACTORS

#### Risks Related to our Business

- 1. We are dependent on our medical professionals and our business and financial results could be impacted if we are not able to attract and retain such medical professionals.***

Our operations depend on the skills, efforts and experience of our medical professionals, i.e., our doctors and nurses at our hospitals. The attrition rate for our permanent employees, which includes nurses (including interns and paramedical personnel) was 22.55%, 45.50%, 38.75% and 35.41% for the six months ended September 30, 2021 and the financial years 2021, 2020 and 2019, respectively.

Our performance and the execution of our business strategies depend substantially on our ability to attract, recruit and retain doctors in specialties such as pediatrics, obstetrics and gynecology in regions relevant to our business and growth plans. We compete with other healthcare service providers in recruiting and retaining doctors. Factors that doctors consider important before deciding where they will work include professional fees, incentives, reputation of the healthcare establishment, quality of the facilities, academic and research opportunities, and a sufficient number of patients and surgeries made available to them. There can be no assurance that doctors will conclude that we compare favorably with other healthcare service providers on these factors. We may have to increase the professional fees and salaries (as applicable) paid

to our doctors, which may adversely impact our profitability and margins.

Our performance also depends on our ability to identify, attract and retain nurses and paramedical staff. We have experienced, and expect to continue to experience pressure to increase salaries, wages and other benefits, due to a general shortage of qualified nurses and paramedical staff in India. We may also be required to hire more expensive temporary or contract personnel to address short-term needs.

If we are unable to attract or retain medical professionals as required, we may not be able to maintain the quality of our services and we may only be able to serve fewer patients at our hospitals, thereby having a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

**2. *We engage doctors primarily on a consultancy service contract basis and there is no assurance that our doctors will not prematurely terminate their agreements.***

A majority of our doctors in our key specialties have full-time, exclusive retainer arrangements with our hospitals and are not under employment contracts. As of September 30, 2021, we had 602 full-time doctors and 1,686 part time/visiting doctors. Although we have entered into binding agreements with our doctors, including those working on a consultancy service contract basis, we cannot assure you that our doctors will not prematurely terminate such agreements. Our agreements with our doctors typically range from 12 months to five years in length.

Further, in relation to our part-time doctors, there is no assurance that they will continue to provide services to us or devote the whole of their time to our hospitals. We may, as a result, be unable to effectively utilize their time and expertise in providing services to our patients. These arrangements may also give rise to conflicts of interest, including with regard to how these doctors allocate their time and other resources between our hospitals and other clinics or hospitals at which they render professional services and where these doctors refer patients. Such conflicts may prevent us from providing a high quality of medical service, including optimizing the attention given to each patient at our hospitals, which would adversely affect the level of our patient intake and have an impact on our business, results of operations and cash flows.

**3. *The COVID-19 pandemic has affected our regular business operations and may continue to do so, depending on the severity and duration of the COVID-19 pandemic.***

The spread of the COVID-19 pandemic and related lockdowns and movement restrictions during 2020 and 2021 adversely impacted our business and financial condition. There remains significant uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future actions by the Government (for example, as a result of new variants of the virus such as Omicron), which makes it very difficult for us to predict with certainty the impact that COVID-19 will have on our business, financial condition, results of operations and cash flows in the future. Further, one or more states where we have operations may impose additional regional or local lockdowns. The COVID-19 pandemic has affected and may continue to affect our business, financial condition, results of operations and cash flows in a number of ways such as:

- we have experienced and may continue to experience a substantial reduction in inpatient and outpatient volumes due to the implementation of lockdowns, quarantines, stay-at-home and shelter-in-place orders, the promotion of social distancing, and other travel related restrictions. We have also experienced and may continue to experience a reluctance or unwillingness of some patients to seek healthcare services in hospitals due to their perception of an increased risk of infection when traveling to hospitals and coming into close contact with medical professionals. Further, we have also experienced a reduction in elective surgeries in the past, as patients have deferred these surgeries due to COVID-19 related restrictions or fears of contracting the virus. We have also been affected by and may continue to be affected by a slowdown in medical tourism, particularly from international patients due to international travel restrictions. As a result of these factors, our occupancy rates decreased by 22.04% from 56.27% during the financial year 2020 to 34.23% during the financial year 2021, though we have seen a gradual improvement in occupancy levels to 43.42% during the six months ended September 30, 2021. There is no assurance that our occupancy levels will not be adversely affected in future periods;
- directives or actions by governments, government authorities, local agencies and courts (such as, amongst other things, prices, and mandatory bed allocation) may affect our ability to operate our

hospitals and/or the manner in which we operate our hospitals;

- we may experience delay in renewing or obtaining necessary registrations, approvals, licenses and permits from statutory and regulatory bodies, in the event of any lockdowns or movement restrictions in the future;
- our medical professionals, including our doctors, nurses, paramedicals and administrative staff, are susceptible to contracting diseases that we treat in our facilities and are subject to a heightened risk of COVID-19 infection, which may lead to a shortage of manpower and reduce the treatment capacity at our hospitals as well as result in additional labor and employment expenses;
- we may experience possible delays in our existing or future projects, which may increase project costs and adversely impact our ability to comply with financial covenants;
- we may face increased costs to ensure the safety of our workforce and continuity of operations while conforming to the measures implemented by various governments; and
- we may not be able to fully mitigate the risks of our medical professionals contracting COVID-19 due to the fact that they are in close contact with patients on a daily basis, and we have, in the past, occasionally been required to quarantine our medical professionals suspected of having contracted the virus. An outbreak of COVID-19 among a concentrated group of our medical professionals could disrupt our business and operations in the affected facilities or areas.

The full extent to which the COVID-19 pandemic, or any future pandemic or widespread public health emergency impacts our business, financial condition and results of operations will depend on numerous evolving factors that we may not be able to accurately predict or estimate, including the severity, and duration of the pandemic, economic and social impact of the pandemic, actions taken by governments, businesses and individuals in response to the pandemic; disruptions or restrictions on our medical professionals' ability to work, travel and/or fulfil their obligations to us; and disruptions to our ability to initiate and implement business development plans. In addition, if we do not take appropriate steps to mitigate the impact of the pandemic on our business, or if patients perceive our response to be inadequate, we could suffer damage to our reputation and our brand, which could adversely affect our business in the future. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely impact our business, financial condition, results of operations and cash flows. Further, as much as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "Risk Factors" section. For further details on the impact of COVID-19 on our results of operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 343.

**4. *If we fail to manage our growth or implement our growth strategies (which include expansion into new geographies), our business, financial condition and results of operations may suffer.***

Our growth depends on our ability to build, develop and manage additional hospitals and to expand and improve our existing hospitals. As part of our growth strategies, we plan to expand in our existing geographies and into new geographies in India, strengthen tertiary and quaternary pediatric services, grow our hub and spoke model, further grow our comprehensive perinatal services and invest in digital healthcare. For details, see "Our Business – Our Strategy" on page 180. There is no assurance that our growth strategies will be successful. To manage and support our growth, we must enhance our existing operational and administrative systems, as well as our financial and management controls. All these endeavors will require substantial management attention and efforts, and significant additional expenditures. If we fail to expand at a pace as we plan, we may face capacity and financial constraint in the future which may adversely affect our business and financial condition. The success of our growth strategies depends on various factors including our ability to:

- recruit, train and retain the required number of medical professionals and paramedical staff, as well as maintain a reliable pipeline of future recruits, to meet our growth demands;
- grow our patient visits and average spending per patient visit;
- optimize our employee costs and professional fees;

- hire and retain competent managerial and technical personnel, and technology and support staff;
- provide consistent, high-quality healthcare services;
- negotiate lease agreements and renew them on commercially prudent terms;
- maintain mutually beneficial relationships with our suppliers;
- further develop our hub and spoke model;
- identify appropriate geographic markets for expansion;
- identify suitable targets for acquisition;
- secure financing on good commercial terms to invest in hospitals;
- successfully integrate new hospitals into our existing operational and management structure to provide consistent and reliable services throughout our network; and
- invest in new technology at our hospitals.

Expanding into new geographic regions, including by building, developing, and operating new hospitals, will subject us to various challenges, including those relating to our lack of familiarity with the social, political, economic and cultural conditions of these new regions, language barriers, difficulties in staffing and managing such operations and the lack of brand recognition and reputation in such regions. As we operate in a highly competitive industry, we may have to revise our management estimates and even our expansion strategies, from time to time, which may result in significant changes in our funding requirements and may put significant strain on our resources.

In addition, there is no assurance that we will be able to successfully integrate our acquisitions in the event that we undertake acquisitions in the future, or overcome the challenges arising from our acquisitions and investments. In integrating the healthcare facilities, companies or businesses that we acquire, we may encounter challenges such as legal, regulatory, contractual, or labor issues; difficulties arising from the consolidation of corporate and administrative functions, and difficulties in integrating finance and accounting systems, policies and procedures. Integration of our acquisitions and investments may take significant time and resources and, even if successful, may not yield the expected outcomes. We may not achieve the operating levels that we expect from future projects and we may not be able to achieve our targeted return on investment on, or intended benefits or operating synergies from, these projects. Further, any business that we acquire may have unknown or contingent liabilities, and we may become liable for the past activities of such businesses. We may be subject to undisclosed risks and liabilities from any historic non-compliances which may exist in relation to such businesses.

Further, our plans to develop an online healthcare infrastructure may not be successful and could expose us to unforeseen liabilities and risks. For example, the information technology tools we use in this respect may malfunction or not operate as intended, which could endanger patient safety. Digital healthcare platforms are also subject to information technology risks such as data breaches and system failures, see also “ – We could be exposed to risks relating to the handling of personal information, including medical data.” and “– We are vulnerable to failures of our information technology system, which could adversely affect our business.” on pages 48 and 51, respectively. We may also face delays in project execution and significant time and cost overruns, delays or failure to receive government approvals, unavailability of human and capital resources, inability to comply with laws or obtain approvals from relevant authorities or any other risks that may or may not have been foreseen by us.

If we are unable to successfully execute our growth strategies, our business, financial condition, results of operations and prospects could be materially and adversely affected.

5. ***We operate in a regulated industry, and compliance with applicable safety, health, environmental, labor and other regulations, or failure to obtain or renew approvals, licenses, registrations and permits, may adversely affect our business, results of operations and cash flows. Further, adverse regulatory changes in the healthcare industry could also adversely affect our business, results of operations and cash flows.***

The healthcare industry is subject to laws, rules and regulations in the regions where we conduct our business or in which we intend to expand our operations, and we are required to obtain a number of approvals and licenses from governmental and regulatory authorities such as in relation to the operation of our hospitals and other medical facilities, procurement and operation of medical equipment, storage and sale of drugs and in relation to educational courses. For a description of the approvals and licenses obtained by us, see “*Government and Other Approvals*” on page 376. Given that our hospitals are situated at multiple locations, we are subject to various local laws, rules and regulations that cover many aspects of our business including the establishment and operation of private medical care establishments. For a description of the regulations to which we are subject, see “*Key Industry Regulations and Policies*” on page 203. We may incur additional costs to comply with current or future laws, rules and regulations, and we may not be in full compliance with such laws, regulations, policies and guidelines. These current or future laws, rules and regulations may also impede our operations and impact our results of operations and continued growth. For example, any cap on treatment costs in private hospitals imposed by the government, or concessional or free medical treatment required to be provided by our facilities would adversely impact our revenues. Regulations related to price control on specified services may also adversely impact our operations. Any non-compliance with the applicable laws, rules and regulations may subject us to regulatory action, including penalties and other civil or criminal proceedings, which may materially and adversely affect our business, prospects and reputation.

Health and safety laws and regulations in India have become increasingly stringent over time, and it is possible that they will become more stringent in the future. For instance, the Bio-Medical Waste Rules, 2016 require mandatory authorization and annual reporting requirements for all establishments handling bio-medical waste. In the fertility business, the proposed Assisted Reproductive Technology (Regulation) Bill, 2020 prescribes registration requirements for clinics providing assisted reproductive services, imposes additional obligations on fertility clinics that provide counseling to individuals opting for such procedures, specifies duties for clinics using human gametes and embryos, and mandates record keeping obligations and stricter compliance norms with respect to procedures being carried out. The Assisted Reproductive Technology (Regulation) Bill, 2020 also prescribes penalties, both in the form of fine and imprisonment which may be levied on our doctors and our Company. There is no assurance that we will not be subject to such actions in the future, which could materially and adversely affect our business and reputation.

Further, changes in the regulatory landscape in the Indian health care industry may affect us. For example, in India, the Government regulates pharmaceutical prices and has been actively reviewing prices for pharmaceuticals and trade margins. India enacted the National Pharmaceuticals Pricing Policy in 2012, which lays down the principles for pricing essential drugs. As a result, a number of drug formulations were identified as essential drugs and were added to India’s National List of Essential Medicines, 2015. Drugs on that list are subject to price controls in India. On May 15, 2013, the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers released the DPCO 2013 (which replaced the earlier Drugs (Prices Control) Order, 1995). The DPCO 2013 governs the price control mechanism for formulations listed in the National List of Essential Medicines. In addition, the National Pharmaceutical Pricing Authority has in the past set ceilings on prices of cancer drugs, vaccines, cardiac stents, drug eluting stents, condoms and intra-uterine devices. The DPCO 2013 is amended from time to time, to fix or revise the ceiling prices of certain drug formulations sold in India. The National Pharmaceutical Pricing Authority (“NPPA”) also from time to time notifies ceiling price for additional formulations either under the DPCO or in the National List of Essential Medicines. Under the terms of the DPCO 2013, non-compliance with the notified ceiling price or breaching the ceiling price would tantamount to overcharging the consumer under the order, and the amount charged over and above the ceiling price shall be recovered along with interest thereon from the date of overcharging.

Regulations such as the foregoing pricing restrictions restrict our ability to achieve favorable pricing and the amount of revenue that we generate on sales of these medical items. Any action against us for violation of pricing regulations may divert management attention and could adversely affect our business, financial condition, results of operations and prospects.

In addition, there is no assurance that the approvals and licenses that we require will be granted or renewed in a timely manner or at all, and will not be revoked or suspended by the relevant governmental or regulatory authorities. Failure to obtain or renew such approvals and licenses in a timely manner would render our operations non-compliant with the applicable laws, and may subject us to penalties by relevant authorities. For details of Government and other approvals, see “*Government and Other Approvals – Material Approvals in relation to our hospitals and clinics*” on page 376. We may also be prevented from operating the relevant hospitals or performing certain procedures or treatments with equipment that requires

special approvals or licenses, which could adversely impact our business, financial condition, results of operations and cash flows. If our compliance systems and processes are inadequate or fail investigations or reviews by regulatory or governmental authorities, we may suffer brand and reputational harm and become subject to regulatory actions or litigation, which could adversely affect our business, cash flows, operating results or financial position. We may be required to change our business practices, and we may have to pay fines or be subject to other penalties, including the revocation of permits and licenses, and the modification, suspension or discontinuation of our operations. This would impose additional operating costs and capital expenditures on us, and adversely affect our reputation. We, our directors, executive officers, doctors and employees may also face criminal charges.

Furthermore, any investigation or legal and regulatory proceedings in connection with alleged violations could result in the imposition of further financial or other obligations or restrictions on us and generate negative publicity for our business.

Further, the qualification and practicing activities of our medical professionals are strictly regulated by applicable laws, regulations, policies and guidelines, as well as by applicable codes of professional conduct or ethics. If our medical professionals fail to comply with applicable laws, regulations, policies or guidelines, including professional licensing requirements, we may be subject to penalties including fines, loss of licenses or restrictions on our hospitals and operations, which could materially and adversely affect our business and reputation. We are also subject to laws and regulations governing relationships with our employees, in areas such as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees. If we fail to comply with such regulations, it could lead to enforced shutdowns and/or other sanctions imposed by the relevant authorities. If labor laws become more stringent, it may become difficult for us to maintain our flexible human resource policies, which could have an adverse effect on our business, financial condition, results of operations and cash flows. Our financial condition may also be adversely affected by other changes in labor laws. For instance, while the Code on Social Security, 2020, has not come into effect yet, in the future, we may be required to pay gratuity on a pro rata basis to our employees, upon expiration of their fixed term of employment, irrespective of their term of service.

We cannot predict the nature of regulatory measures that may be adopted by the Government in the future or their effect on our business and revenues. If changes in laws or regulations are announced or adopted in the future, and if those changes adversely affect the manner in which we currently operate, then our business, financial condition, results of operations, profit margins and cash flows may be adversely affected.

**6. *Our business depends on the strength of our brand and reputation. Failure to maintain and enhance our brand and reputation, and any negative publicity and allegations in the media against us, may materially and adversely affect the level of market recognition of, and trust in, our services, which could result in a material adverse impact on our business, financial condition, results of operations and prospects.***

We believe that our brand and reputation are critical to our success. Many factors, some of which are beyond our control, are important to maintaining and enhancing our brand and may negatively impact our brand and reputation if not properly addressed, such as:

- Our continued ability to maintain standardized and reliable quality of services to ensure a positive patient experience;
- our ability to increase brand awareness among existing and potential patients through various methods of marketing and promotional activities;
- our ability to adopt new technologies or adapt our technology and systems, including our websites and user portals, to user requirements or emerging industry standards in order to maintain our customer experience and improve customer convenience; and
- our ability to maintain and renew existing accreditations or to apply for additional accreditations as we expand our network.

Despite our best efforts to manage and supervise medical professionals in our network, they may fail to meet our requirements and fulfil their contractual obligations with us. They may not possess the licenses or qualifications required by the relevant laws and regulations at all times. Our brand and reputation may be

adversely impacted if our medical professionals provide inferior or negligent service, engage in medical malpractice, violate laws or regulations, commit fraud, harm a patient or mishandle personal healthcare information, in addition to any impact that such development would have on our business, financial condition, results of operations and prospects.

The “Rainbow” and “Birth Right” names are used by various third parties and we have initiated opposition applications against these third parties. For details, see “– *We may fail to protect our intellectual property rights and may be exposed to misappropriation and infringement claims by third parties, either of which may have a material adverse effect on our business and reputation*” and “*Outstanding Litigation and Material Developments – Other pending material litigation involving our Company – Civil Proceedings*” on pages 45 and 371, respectively. As such, negative publicity with regard to these hospitals using the name “Rainbow” can significantly impact our brand, public image and reputation, regardless of their veracity. Further, our brand promotion efforts may be expensive and may fail to effectively promote our brand or generate additional sales.

**7. *Challenges that affect the healthcare industry will have an effect on our operations.***

Our business is subject to challenges faced by the entire Indian healthcare industry, including, among others, providing quality patient care in a competitive environment while managing costs. We face competition from government-owned hospitals, other private hospitals, clinics, hospitals operated by non-profit organizations. Furthermore, healthcare costs in India have increased significantly over the past decade. There have been and may continue to be proposals by legislators and regulators to lower healthcare costs in India and limit the rate of price increase, cap the margins and fix the price of healthcare procedures, diagnostics and/or medicines and consumables. Certain proposals by the Government of India or the State Governments, if passed, could impose, among other things, limitations on prices for our services.

In addition, our business, financial condition, results of operations and prospects may be adversely affected by other factors that may impact the broader Indian healthcare industry, including but not limited to:

- general economic conditions which adversely impact the quantum of disposable income that can be allocated for healthcare services;
- general health awareness of our target population in India;
- changes in the regulations affecting healthcare facilities due to health pandemics such as COVID-19;
- increased government expenditures for healthcare services which could lead to various price control measures in relation to healthcare costs in India;
- changes in the preferences of parents on the number of children to have;
- the expansion rate of health insurance coverage in India;
- seasonal cycles of illness as a function of varying climate, weather conditions and disease outbreaks; and
- shortage of qualified medical professionals.

These factors could have an adverse effect on our business, results of operations and financial condition.

**8. *We face intense competition from other healthcare service providers. If we are unable to compete effectively, our business, results of operations and cash flows may be materially and adversely affected.***

The healthcare industry and, in particular, the pediatric, obstetrics and gynecologic healthcare markets, are highly competitive in India. We face competition from a large number of public hospitals, private hospitals, clinics and private practitioners located in the same geographic areas in which we operate. We compete on the basis of factors such as speciality and other service offerings, quality and selection of medical professionals, affordability, quality of care, technology, quality of hospital facilities, patient satisfaction, brand and reputation.

Some of our competitors are owned or operated by governmental bodies or by private not-for-profit entities



supported by endowments and charitable contributions, which can avail tax benefits under various provisions and finance capital expenditures through endowments and charitable contributions. We may also face competition from new market entrants. We seek to maintain and enhance our competitive position in each of our markets through various initiatives such as by hiring and retaining quality medical professionals through offering lucrative compensation, and providing quality services at competitive rates. As a result, we may experience lower profitability as we strive to compete with our competitors on all fronts. Further, the pharmacies in our hospitals compete on factors such as price and product offerings.

It is also possible that there will be significant consolidation of hospitals in the industry. Our competitors may develop alliances, and these alliances may acquire significant market share. Concentration within the sector, or other potential moves by our competitors, could improve their competitive position and market share and may exert further pricing and recruiting pressure on us.

Existing or new competitors may try to compete for patients by exerting pricing pressures on some or all of our services by pricing their services at a significant discount to ours or by offering services with greater convenience or better quality. Further, our competitors may expand their healthcare networks, which may exert further pricing and recruiting pressure on us. If we are unable to compete effectively with our competitors, our market share, business, financial condition, results of operations and cash flows could be materially and adversely affected.

9. ***Our revenues are highly dependent on our hospitals in Hyderabad and Bengaluru. We are also significantly dependent on certain specialties for a majority of our revenues. Any impact on the revenues from these hospitals or specialties could materially affect our business, financial condition, results of operations and cash flows.***

Of our 14 hospitals, six are situated in Hyderabad and three are situated in Bengaluru. A significant percentage of our patients are served by our hospitals in Hyderabad and Bengaluru. For financial years 2019, 2020 and 2021, and the six months ended September 30, 2021, our aggregate inpatient and outpatient volume for our hospitals at these cities was 706,823 patients, 825,373 patients, 533,355 patients, and 324,152 patients, respectively. Volumes at these hospitals accounted for 84.07%, 81.89%, 78.98% and 77.71%, respectively, of our aggregate inpatient and outpatient volumes across all our hospitals. We have four core specialties, namely secondary pediatric care, tertiary pediatric care, quaternary pediatric care and women care (gynecology, obstetrics and related services), of which our secondary pediatric care services have historically accounted for the largest portion of our revenues. See “Our Business – Key Specialties – Pediatric services (including secondary, tertiary and quaternary care)” on page 189.

Any material impact on our revenues from our hospitals in Hyderabad and Bengaluru or from our pediatrics secondary care services, including by reason of reduction in patient footfall, reputational harm, liabilities on account of medical negligence or natural calamities, increased competition, or any political unrest, disruption, disturbance or sustained downturn in the economy of the aforementioned regions could have a material adverse effect on our business, financial condition, results of operations and cash flows.

10. ***The objects of the Offer have not been appraised by any bank or financial institution. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control. Any variation in the utilization of the Net Proceeds or in the terms of the conditions as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders’ approval.***

Our Company intends to use the Net Proceeds of the Fresh Issue portion of the Offer for early redemption of NCDs issued by our Company, in full, and capital expenditure towards setting up of new hospitals and purchase of medical equipment for such new hospitals, as described in “Objects of the Offer” beginning on page 112. We operate in a highly competitive and dynamic industry and may need to revise our estimates from time to time based on changes in external circumstances or costs, or changes in other financial conditions, business or strategy. This may entail rescheduling, revising or canceling planned expenditure and funding requirements at our discretion. A portion of the use of the Net Proceeds of the Fresh Issue of Equity Shares is at the discretion of the management of our Company. As described in the section titled “Objects of the Offer” on page 112, we intend to use the Net Proceeds for various purposes, including but not limited to, (i) early redemption of NCDs issued by our Company, in full; (ii) capital expenditure towards setting up of new hospitals and purchase of medical equipment for such new hospitals and (ii) general corporate purposes. We have estimated the total cost of such capital expenditure towards setting up

of new hospitals and purchase of medical equipment for such new hospitals to be ₹ 1,700 million. Such cost estimation is based on the valid quotations received from the vendors and the certificates of Madhu Mantri & Associates, Chartered Accountants dated December 24, 2021, and has been approved by our Board in its meeting dated December 9, 2021. However, we have not entered into any definitive agreements and do not have any definite and specific commitments towards the aforementioned purposes for which our Company intends to use the Net Proceeds.

Our Company may have to revise its management estimates from time to time on account of various factors, including factors beyond its control such as market conditions, competition, cost of commodities and interest rates, and consequently its requirements may change. Additionally, various risks and uncertainties, including those set forth in this section, may limit or delay our Company's efforts to use the Net Proceeds to achieve profitable growth in its business. The planned use of the Net Proceeds is based on current conditions and is subject to changes in external circumstances, costs, other financial conditions or business strategies. Any variation in the planned use of the Net Proceeds would require Shareholders' approval and may involve considerable time or cost overrun and in such an eventuality it may adversely affect our operations or business. Further, none of the objects of this Issue, for which the Net Proceeds will be utilized, have been appraised by any bank or financial institution or other agency.

At this stage, we cannot determine with any certainty if we would require the Net Proceeds to fund any other expenditure or any exigencies arising out of changes in our competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Sections 13(8) and 27 of the Companies Act 2013, we cannot undertake any variation in the utilization of the Net Proceeds without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business or operations. Further, our Promoters would be required to provide an exit opportunity to shareholders who do not agree with our proposal to change the objects of the Offer, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoters to provide an exit opportunity to such dissenting shareholders may deter the Promoters from agreeing to a variation from the proposed utilization of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoters or the controlling shareholders of our Company will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price prescribed by SEBI. For further details on exit opportunity to dissenting shareholders, see "*Objects of the Offer – Variation in Objects*" on page 123.

In light of these factors, we may not be able to use any unutilized proceeds of the Offer in variation from the objects of the Offer, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of the Net Proceeds, which may adversely affect our business, financial condition and results of operations. Additionally, various risks and uncertainties, including those set forth in this "*Risk Factors*" section, may limit or delay our Company's efforts to use the Net Proceeds to achieve profitable growth.

**11. *Our hub-and-spoke model of provision of healthcare services may not be successful and that could adversely impact our business, financial condition and results of operations as a whole.***

We follow a hub-and-spoke model in Hyderabad and Bengaluru, with our main hospitals acting as the hub, where we provide comprehensive outpatient and inpatient care with a focus on tertiary and quaternary care, and with our spokes providing secondary care in pediatric, obstetrics and gynecology and emergency services. We intend to implement this hub and spoke model in other locations such as New Delhi and Chennai as well. The success of our hub-and-spoke model depends largely on the reputation of our main hub hospital, as the spokes are able to refer complex cases to our hub hospital based on its reputation. Any factor that adversely impacts the performance or reputation of our main hubs could adversely impact our business, financial condition and results of operations as a whole. Further, our spokes may not be able to successfully refer a high number of cases to our hubs and any new spokes that we may add may not lead to the expected synergies with the main hub, which could adversely impact our profitability. In addition, there is no assurance that we will be able successfully replicate the hub-and-spoke model in other locations as well. We may also face risks of other competitors replicating this model in the future, which may reduce the number of patients at our hospitals, thereby adversely impacting our business, financial condition, results of operations and cash flows.

**12. *If we are unable to maintain bed occupancy rates at sufficient levels, we may not be able to generate adequate returns on our capital investments, which could materially and adversely affect our profitability.***

In the past, we have generated a substantial portion of revenues from our services to inpatients. We have invested, and expect to continue to invest, significant amounts to establish or acquire new hospitals and to add bed capacity, modernize infrastructure at our existing hospitals, introduce new technologies and expand our range of services. Our ability to sustain operating efficiencies and profitability depends on our ability to maintain and increase bed occupancy rates, which in turn depends on factors such as brand recognition within the locations, communities, and target customer base in which we operate, our ability to attract and retain quality medical professionals, our ability to develop super-specialty practices and our ability to compete effectively with other hospitals and clinics. For the financial years 2019, 2020 and 2021, and the six months ended September 30, 2021, our bed occupancy rate was 54.13%, 56.27%, 34.23% and 43.42%, respectively, with the decrease between the financial years 2021 and 2020 being largely due to the impact of COVID-19. Other factors affecting bed occupancy, many of which are beyond our control, include complexity of treatment, lengths of stay, brand recognition, reputability of doctors, and the strength of our referral network. If we fail to maintain or improve our bed occupancy rates while we continue to make significant capital investments, our business, financial condition, cash flows, results of operations and prospects may be materially and adversely affected.

**13. *Our ability to provide affordable healthcare to our patients is dependent on our ability to effectively estimate, price and manage our healthcare costs.***

Our ability to provide affordable healthcare depends on our ability to effectively estimate and manage our costs. We face the pressures of rising business costs, including increased employee compensation and outsourced staff cost relating to housekeeping and security, and increased cost of medical technology, medical equipment and prescription drugs. Government-mandated benefits and other regulatory changes may also adversely affect our profitability. While we seek to manage our pricing model in light of these costs, we may not always be able to do so due to various reasons including our fee arrangements and contracts, as well as regulatory restrictions. We are also subject to risks relating to fluctuations in market interest rates.

**14. *If we are unable to keep pace with technological changes, new equipment and service introductions, changes in patients' needs and evolving industry standards, our business and financial condition may be adversely affected.***

The healthcare services industry is characterized by rapid technological changes, new equipment and service introductions, changes in patients' needs and evolving industry standards, including, for example, changes associated with diagnosis methodologies, treatments and patient-doctor interactions through digital offerings. Our continued success depends on our ability to anticipate industry trends and identify, develop and market new value-added services that meet patient demands, to continually enhance our equipment and technologies in a timely and cost-effective manner and anticipate and address patients' needs.

Developing new, technology-based patient services and tools in a timely and cost-effective manner may be difficult, particularly as market preferences can change rapidly. Our assessment of the market and evolving customer preferences may not lead to new patient services that are commercially successful. We may also experience delays or failures at any stage of our patient service, such as development, introduction or implementation. Our competitors may be more efficient at developing new patient services and may introduce those services to the market before us. The introduction of new or similar patient services by our competitors may result in reductions in our prices, profit margins, and market share. Further, as industry standards evolve, we may be required to enhance and develop our internal processes and procedures, as well as invest in new equipment and technologies, to comply with such standards and maintain the accreditations that we have received. The market study, design and development of new services may also require significant resources, including financial and management time and attention. If we are unable to develop new patient services in a timely manner to meet market demand, or if there is insufficient demand for our services, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Rapid changes in the healthcare industry require sourcing for and investing in new medical equipment and technology. We may not be able to continually invest in, procure and integrate the latest equipment and technologies at commercially suitable terms and in a timely manner. We may also not be able to recover the

financial outlay for the medical equipment and systems that we purchase. We may incur significant costs in replacing or modifying equipment in which we have already made a substantial investment. New equipment and services based on new or improved technologies or new industry standards can lead to earlier than planned redundancy of our medical equipment and result in asset impairment charges in the future.

**15. *If we do not receive payments on time from our patients and third-party payers, our financial condition, cash flows and results of operations may be materially and adversely affected.***

Our patients pay for our inpatient and outpatient services through a mix of cash on-site and credit arrangements, including through third-party payers such as private and public insurers and public sector undertakings. For further details, see “Our Business – Payment arrangements with our Patients/Customers” on page 197. As of March 31, 2021, and September 30, 2021, we had trade receivables of ₹439.65 million and ₹500.61 million, respectively. For patients who partially pay their bills during their stay at our hospitals, we may not be able to collect their remaining payments in a timely manner, or at all. Insurance companies may not cover certain parts of the bill, which may delay the process of collection, or deny payment of the bill entirely. Our agreements with third-party payers/insurance companies are important sources of payments that have a considerable impact on our revenue. While we typically enter into two to three year-long arrangements with these third-party payers/insurance companies that set out the terms and conditions of cashless payments and fees charged to these third-party payers/insurance companies, certain of these agreements can be terminated by the insurance companies without cause which may impact our revenue. We and our subsidiaries may be involved in disputes with such payers from time to time. If we do not receive payments on a timely basis from our third party payers/insurance companies, our financial condition, cash flows and results of operations could be materially and adversely affected. Furthermore, any revision in the prices set under the Government schemes we are subject to or by third-party administrators may affect the ability of our patients to pay their outstanding dues.

**16. *We may fail to protect our intellectual property rights and may be exposed to misappropriation and infringement claims by third parties, either of which may have a material adverse effect on our business and reputation.***

We have registered trademarks for our corporate logo “” and our trademark “Rainbow” (in English, Hindi, Telugu, Tamil and Kannada), “Rainbow Hospitals”, “Rainbow Cradle”, “Cradle & Kangaroo”, “Kangaroo Cradles”, “Cradle & Cots”, “Birthtimes”, “Rainbow Children’s Hospital”, “Rainbow Children’s Medicare” and “Birthright” with the Registrar of Trademarks. We have also obtained copyright registration



for our logo “BirthRight”. While we have also made applications for the registration of the word mark “Birth Right” in Tamil, Kannada and English, a third party, Nextline Diagnostics LLP has opposed our registration of these trademarks in India. The applications for the registrations of these trademarks are currently pending. Maintaining and enhancing our brand and reputation associated with our intellectual property is integral to our success. Our failure to register or protect our intellectual property rights may undermine our brand and result in harm to the growth of our business. If any of our confidential or proprietary information, were to be disclosed or misappropriated, or if a competitor independently developed any such information, our competitive position could be harmed.

Moreover, even if our applications are approved, third parties may seek to oppose or otherwise challenge these registrations and assert intellectual property claims against us, particularly as we expand our business and the number of healthcare services we offer.

Further, there are other entities that have similar trade names to ours. For instance, “Art Rainbow IVF” is used by Dr. Jaideep Malhotra, “Rainbow – Colors of Hope” is used by Rainbow Super Speciality Hospital and Children’s Orthopedic Center, “Rainbow Superspeciality Hospital” is used by Vapi Multispeciality Hospital & Research Centre Private Limited, “Birth Right Newborn Screening Test” is used by Nextline Diagnostics LLP, “Rainbow Medinova Diagnostic Services” is used by Rainbow Medinova Diagnostic Services and “Sai Energy Aura Rainbow Healing” is used by Sri Energy Aura Rainbow Healing. The use of “Rainbow”, “Birth Right” or similar trade names by third parties may lead to confusion among patients. Any adverse medical experience of patients with those parties using similar trade names, as well as any consequent negative publicity or perceptions perceived to be associated with us, may adversely affect our reputation and brand and business prospects.

Our defense of any infringement claim, regardless of its merit, could be expensive and time consuming, and could divert management resources. In addition, there is no assurance that steps taken by us to protect our intellectual property rights will be adequate to stop infringement by others, including imitation and misappropriation of our brand. Successful infringement claims against us could result in significant monetary liability and may require us to cease using those rights altogether.

Furthermore, we cannot be certain that the equipment suppliers from whom we purchase equipment (including related software to operate such equipment) or the other service providers that we utilize have all requisite third-party consents and licenses for the intellectual property used in the equipment they manufacture. As a result, we may be exposed to risks associated with intellectual property infringement and misappropriation claims by third parties. Such risks may further increase as we expand our services and enter new geographies.

**17. *Our indebtedness and the conditions and restrictions imposed by our financing arrangements may limit our ability to grow our business and adversely impact our business.***

As of September 30, 2021, our borrowings (current and non-current) amounted to ₹427.28 million on a consolidated basis.

Non-convertible debentures issued by us contain certain restrictive covenants and reserved matters that require us to obtain prior consent from holders of such debentures. Such reserved matters that require such consent include: any changes in the capital structure of our Company, including issuance of any securities and/or conducting any buy back or reduction of capital, amending the constitutional documents of our Company, issuance or allotment of any fresh securities or permitting any capital restructuring, including any changes in the class rights for shares (directly or indirectly) and listing or de-listing the shares of our Company or any subsidiary on any stock exchange which would change their legal status (such as public to private company status). These restrictions may limit our flexibility in responding to business opportunities, competitive developments and adverse economic or industry conditions.

Further, any additional financing that we require to fund our expenditure, if met by way of additional debt financing, may place restrictions on us which may, among other things, limit our ability to pursue our growth plans, require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements and use for other general corporate purposes, limit our flexibility in planning for, or reacting to changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise. As of October 7, 2021, we had been assigned a credit rating of “AA-” stable by ICRA for non-convertible debentures. We have not experienced any downgrades to our credit ratings in the past three financial years. However, there is no guarantee that we will be able to maintain such ratings in the future. Any future performance issues for us or the industry may result in a downgrade of our credit ratings, which may increase interest rates for our future borrowings and, in turn, increase our cost of borrowings and adversely affect our ability to borrow on a competitive basis as well as impair our ability to renew maturing debt. In addition, any downgrade of our credit ratings could result in additional terms and conditions being included in any additional financing or refinancing arrangements in the future. If any of the foregoing were to occur, our business, financial condition and results of operations may be adversely affected.

**18. *We are exposed to legal claims and regulatory actions arising from the provision of healthcare services and may be subject to liabilities arising from claims of malpractice and medical negligence which could materially and adversely affect our reputation and prospects.***

We are exposed to the risk of legal claims and regulatory actions arising out of the medical services provided by us. From time to time, we may be subject to claims alleging, among other things, medical negligence by our medical professionals and product liability for medical devices we use, pharmaceuticals we dispense and medical and pharmaceutical products we sell in our pharmacies. We could also be the subject of complaints from patients who are dissatisfied with the quality and cost of our healthcare services. For details, see “*Outstanding Litigation and Material Developments*” on page 370.

For example, we may from time to time receive complaints from, or be involved in, disputes with our patients with regard to false positive or false negative results, misdiagnosis, or other acts of medical negligence. The occurrence of false positive or false negative results, misdiagnosis and other acts of medical negligence is a unique risk of the healthcare service industry caused by uncertainties during the

medical examination process. They can be attributed to various factors, such as the negligence or incorrect medical judgment of medical personnel, failure of medical equipment, inaccurate results of medical tests conducted by outsourced laboratories, individual patient-specific conditions and disease complications. In addition, people may contract communicable diseases during their stay or visit at our hospitals, which could result in significant claims for damages against us and adverse publicity and press coverage, thereby damaging our reputation.

We rely on our doctors to make appropriate diagnoses and clinical decisions. However, we do not have direct control over the clinical activities of our doctors, as their diagnoses and treatments of patients are subject to their professional judgment, and in most cases, must be performed on a real time basis. Further, we also provide video consultation and tele-consultation services to our patients. As these services are provided without an in-person examination of the patient, the risk of error and misdiagnosis is further exacerbated.

In addition, medical consumables used in various treatments and other products we sell may be subject to contamination, mislabeling, malicious tampering and other damage such as errors in dispensing and packaging, which may lead to injury or death to our patients. Further, our operations involve the use of hazardous and inflammable materials, including chemicals, radioactive and nuclear materials. Most of the radiation therapy and diagnostic imaging equipment we use contain radioactive and nuclear materials or emit radiation during operation. The TLD badges are sent to AERB for periodic monitoring of radiation levels, in accordance with applicable law.

Current or former patients or their families may commence or threaten litigation for medical negligence or malpractice against us. If such claims succeed, we may become liable for damages and adverse financial consequences and may even be exposed to criminal liability. As litigations and regulatory proceedings are inherently unpredictable, we cannot assure you that any potential claims or disputes will not have a material adverse effect on our business, results of operations, and financial condition. Although we defend ourselves vigorously against claims and lawsuits, these matters could:

- require us to pay substantial damages or amounts in judgments or settlements, which individually or in the aggregate could exceed amounts that may be recovered under our insurance policies where coverage applies and is available;
- harm our reputation and the goodwill associated with our brand;
- cause us to incur substantial expenses and/or substantial increases in our insurance premiums;
- require significant time and attention from our management; and
- require us to incur debt to finance any damages or amounts in judgment or settlement.

If any of our future cases are not resolved in our favor, and if our insurance coverage or any applicable indemnity is insufficient to cover the damages awarded, we may be required to make substantial payments, which could have an adverse impact on our reputation and competitive position, as well as our business and financial results. See also “– Our insurance coverage may not adequately protect us and this may have an adverse effect on our business and revenues.” on page 49.

**19. We rely on third-party suppliers, manufacturers and services providers for our supplies and equipment and other services. Failure of such third parties to meet their obligations could adversely affect our business, results of operations and cash flows.**

We source our equipment, medical consumables, drugs, and supplies from third-party suppliers under various arrangements. Any failure to procure equipment or supplies on a timely basis, or at all, from such third parties and on commercially suitable terms could affect our ability to provide our services. Under some of these agreements, the supplier generally has the discretion to terminate the agreement with a specified period of notice in the event of a breach of any term or condition of the agreement, including but not limited to default in payment of the applicable fee. Any such termination and consequent removal of the installed equipment may adversely affect our operations. In addition, manufacturers may discontinue or recall equipment or supplies used by us, which could adversely affect our ability to provide our services, and therefore, could adversely affect our business, results of operations and cash flows.

We also rely on original equipment manufacturers (“OEM”) and third-party OEM suppliers to carry out repairs and maintenance of our equipment. Any failure or negligence by these third parties in performing maintenance or repairs on our equipment could result in harm to our medical professionals or patients and could adversely affect our business, results of operations, reputation and brand. We may also be unable to find alternative service providers in time, or at all, and at a suitable cost. Any delay or inability to repair and maintain our equipment could cause disruptions in our operations and adversely affect our business, financial condition and cash flows.

In the financial years 2019, 2020 and 2021, and the six months ended September 30, 2021, purchases attributable to our five largest suppliers accounted for ₹176.67 million or 21.75%, ₹287.86 million or 25.19%, ₹288.49 million or 29.62%, and ₹825.84 million or 63.98%, respectively, of our total purchases of pharmaceuticals and medical consumables. The purchases for the six months ended September 30, 2021 include COVID-19 vaccination purchases, which amounted to ₹738.31 million or 57.20% of our total purchases of pharmaceuticals and medical consumables for such period. Excluding COVID-19 vaccine purchases, our five largest suppliers for the six months ended September 30, 2021 accounted for ₹181.36 million or 32.82% of our total purchases of pharmaceuticals and medical consumables. There can be no assurance that we will be able to maintain our relationships with our major suppliers. If the business relationship between our Company and our major suppliers were to deteriorate or if any of those suppliers were to terminate their business relationship with our Company or renegotiate our contracts on less favorable terms, our business, results of operations and prospects may be adversely affected. We could also experience higher costs, less attractive services for our clients and/or difficulty in meeting regulatory or accreditation requirements, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

**20. *We outsource some of our service functions to third-party contractors. Any lapse by such third-party service contractors may have adverse consequences on our business and reputation.***

We currently rely on third party contractors to provide certain services including, among others, healthcare (for example, laboratory services), house-keeping, security, transportation, cleaning, and food and beverage services. We do not have direct control over these third-party service providers, and there is no guarantee that they will provide satisfactory services to us and our patients. Our service providers may experience disruptions in their operations or services due to factors beyond their and / or our control. If any of our service providers’ operations or services are disrupted or terminated, we may not be able to find alternative quality service providers on commercial terms to our satisfaction in a timely and reliable manner, or at all. Poor quality service or lapses in service from our third-party service providers may expose us to liabilities that we may not be able to recover from the service providers and may adversely affect our brand and reputation.

We do not enter into any employment agreements with the service personnel of our third-party service providers. However, in the event that any of our third-party service providers default on their employer obligations, we may be held responsible for providing statutory benefits, including the salaries/wages of these employees, or be subject to fines and penalties imposed by regulatory authorities, which may increase our operating expense and adversely impact our results of operations and financial condition. In addition, we may be subject to additional requirements or restrictions under the evolving labor law regime in India. For example, under our house-keeping agreements, the service provider is entitled to increase the fees payable in case of an increase in the cost relating to statutory compliances. Further, our house-keeping agreements also enable the service provider to sub-contract its responsibilities and terminate the agreement for whatsoever reason with prior notice. If we fail to comply with the new regime, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

**21. *We could be exposed to risks relating to the handling of personal information, including medical data.***

Indian laws, including proposed legislations such as the Digital Information Security in Healthcare Act and the Personal Data Protection Bill 2019, which is yet to become effective, require medical institutions to protect the privacy of their patients and prohibit unauthorized disclosure of personal information, including medical data. Compliance with new and evolving privacy and security laws, regulations and requirements may result in increased operating costs and may constrain or require us to alter our business model or operations, which may in turn affect our business, financial condition, results of operations and prospects. Deficiencies in managing our information systems and data security practices may lead to leaks of patient records, test results, prescriptions, lab records and other confidential and sensitive information which could

adversely impact our business and damage our reputation. For example, there have been reports of a recent data breach in India at a multi-specialty hospital unrelated to our Company, where medical data, including lab results and prescriptions, of patients who sought treatment were inappropriately leaked and made available online.

We have taken measures to maintain the confidentiality of our patients' medical and personal information. However, these measures may not always be effective in protecting our patients' medical information. While we have not faced any such breach or theft of confidential and other sensitive information of our patients or procedures or any kind of data leakage in the past, any breach of our confidentiality obligations to our patients, including due to data leakages or improper use of such medical information notwithstanding the safeguards that we have implemented, could expose us to fines, potential liabilities and legal proceedings, such as litigation or regulatory proceedings, which would adversely impact our reputation. As cyber-attacks and similar events become increasingly sophisticated, we may need to incur additional costs to implement data security and privacy measures, modify or enhance our protective measures or investigate and remediate any vulnerability to cyber incidents.

**22. *We are dependent on a number of key personnel, including our Promoters and senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, financial condition, results of operations and cash flows.***

We are highly dependent on our Promoters, senior management and other key personnel for strategic direction and to manage our operations and meet future business challenges. The loss of, or inability to attract or retain, such persons could materially and adversely affect our business and financial results. In particular, the active involvement of our Promoters and the services of our senior management have been integral to the growth of our business. For details in relation to the experience of our Promoters and key management personnel, see "Our Promoters and Promoter Group" and "Our Management" on pages 249 and 227, respectively. If one or more of these individuals were unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skill and expertise promptly, which could have a material adverse effect on our business, financial results, results of operations and cash flows. We may take a significant period of time to hire and train replacement personnel when skilled personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting skilled employees that our business requires. If we are unable to hire and train replacement personnel in a timely manner or increase our levels of employee compensation to remain competitive, our business, financial results, results of operations and cash flows may be materially and adversely affected.

**23. *Our insurance coverage may not adequately protect us and this may have an adverse effect on our business and revenues.***

Our principal types of coverage include insurance for damage caused by fire, professional indemnity, directors and officers liability, group medical insurance, group personal accidents, group term life insurance, workmen compensation, damage caused by acts of terrorism, loss of money in safe or transit, fidelity guarantee, comprehensive general liability, damage to electronic equipment, loss by burglary and vehicle insurance. As of September 30, 2021, we had insurance coverage for our property, plant and equipment assets (excluding land) amounting to ₹4,204.79 million, representing 100.00% of the written down value of our total fixed assets. Our existing insurance may not be sufficient to cover all damages, whether foreseeable or not.

While we maintain insurance against professional errors and negligence for medical services provided at our hospitals as well as public liability insurance, there is no certainty that such insurance will be adequate to cover all claims arising from medical negligence or malpractice. Any successful claims against us in excess of the insurance coverage may adversely affect our business, reputation, financial conditions, results of operations and cash flows. Insurance against losses of this type can be expensive and insurance premiums may increase in the near future. Insurance rates may also vary by medical specialty and other factors. The rising costs of insurance premiums could have a material adverse effect on our financial position, results of operations and cash flows.

Further, we store, handle and use certain chemicals, such as alcohol, sanitizers, gases, fuel and other inflammable materials at some of our hospitals, and are therefore susceptible to risks arising on account of fire and other incidents. Hospitals are also subject to risks associated with power failures, telecommunications failure and other events. Such events could materially impact our business in the



future. Furthermore, any short circuit of power supply for our equipment and machines could result in accidents and fires that could result in injury or death to our employees, our patients, and other persons present at our hospitals. In the event of such incidents, we cannot assure you that our insurance coverage will be sufficient to cover all damages and losses we become liable for.

There can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses. We may not be insured for certain types of risks and losses that we may also be subject to, as such risks are either uninsurable or that relevant insurances are not available on commercially acceptable terms. Further, we cannot assure you that we will be able to renew our insurance covering all risks at commercially viable terms or at all. To the extent that we suffer loss or damage for events for which we are not insured or for which our insurance is inadequate, the loss would have to be borne by us, and, as a result, our business, financial condition, results of operations and cash flows could be adversely affected.

**24. There are outstanding legal proceedings involving our Company, our Promoters, our Subsidiaries, our Directors and our Group Companies.**

There are certain outstanding legal proceedings involving us, our Directors, Subsidiaries, Promoters and our Group Companies, which are pending at different levels of adjudication before various courts, tribunals and other authorities. The summary of outstanding matters set out below includes details of criminal proceedings, tax proceedings, statutory and regulatory actions and other material pending litigation involving us, our Directors, Subsidiaries, Promoters and our Group Companies as of the date of this Draft Red Herring Prospectus. For further details, see “*Outstanding Litigation and Material Developments*”, on page 370.

| Name of entity        | Criminal proceedings | Tax proceedings | Statutory or regulatory proceedings | Disciplinary actions by the SEBI or or Stock Exchanges against our Promoters | Material civil litigations | Aggregate amount involved (Rs. in Millions.) |
|-----------------------|----------------------|-----------------|-------------------------------------|------------------------------------------------------------------------------|----------------------------|----------------------------------------------|
| Company               |                      |                 |                                     | NA                                                                           |                            |                                              |
| By the Company        | 1                    | Nil             | Nil                                 |                                                                              | 3                          | 31.43                                        |
| Against the Company   | 3                    | 12^             | Nil                                 |                                                                              | 9                          | 253.52                                       |
| Directors             |                      |                 |                                     |                                                                              |                            |                                              |
| By our Directors      | Nil                  | Nil             | Nil                                 |                                                                              | Nil                        | N.A.                                         |
| Against the Directors | 1^^                  | Nil             | Nil                                 |                                                                              | 1^^                        | 10                                           |
| Promoters             |                      |                 |                                     |                                                                              |                            |                                              |
| By Promoters          | Nil                  | Nil             | Nil                                 | Nil                                                                          | Nil                        | N.A.                                         |
| Against Promoters     | 1                    | Nil             | Nil                                 | Nil                                                                          | 1                          | 10                                           |
| Subsidiaries          |                      |                 |                                     |                                                                              |                            |                                              |
| By Subsidiaries       | Nil                  | Nil             | Nil                                 | NA                                                                           | Nil                        | N.A.                                         |
| Against Subsidiaries  | Nil                  | Nil             | Nil                                 |                                                                              | Nil                        | N.A.                                         |

\*To the extent quantifiable.

<sup>^</sup> There are six material tax proceedings above the materiality threshold of ₹ 3.96 million.

<sup>^^</sup> Includes litigation involving Dr. Ramesh Kancharla and Dr. Dinesh Kumar Chirla, who are also Promoters of the Company.

We cannot assure you that any of the pending matters or matters that may arise in the future will be settled in favor of us, our Promoters, our Directors, our Subsidiaries and our Group Companies, or that no additional liability will arise out of these proceedings or disputes. Any unfavorable decision in connection

with such proceedings, individually or in the aggregate, could adversely affect our reputation, business, financial condition and results of operations. Such proceedings or disputes could divert management time and attention, and consume financial resources in their defense or prosecution.

**25. *If we fail to achieve favorable pricing on medical consumables, pharmaceuticals and surgical instruments from our suppliers or are unable to pass on any cost increases to our payers, our profitability could be materially and adversely affected.***

Our profitability is dependent on the cost of medical consumables, pharmaceuticals and surgical instruments. The complex nature of the treatments and procedures we perform at our hospitals requires us to invest in new technology and equipment from time to time, which is generally expensive. For the financial years 2019, 2020 and 2021, and the six months ended September 30, 2021, our total expenses amounted to ₹4,936.18 million, ₹6,363.81 million, ₹6,046.14 million and ₹4,102.68 million, respectively. For the same periods, expenses relating to medical consumables and pharmacy items consumed amounted to ₹802.13 million, ₹1,053.14 million, ₹1,032.62 million, and ₹1,228.84 million, respectively, representing 16.25%, 16.55%, 17.08%, and 29.95% of our total expenses, respectively.

Our profitability is affected by our ability to achieve favorable pricing on our medical consumables, pharmacy items and medical equipment from our suppliers, including through negotiations for supplier rebates. Because these supplier negotiations are continuous and reflect the ongoing competitive environment, the timing and amount of incremental supplier discounts and rebates can affect our profitability. These supplier programs may change periodically, potentially resulting in higher costs and adversely impact profitability, if we cannot adjust our prices to accommodate such increase in costs. Further, such increased costs may negatively impact our ability to deliver quality care to our patients at competitive prices. If we are unable to adopt alternative means to deliver value to our patients, our revenue and profitability may be materially and adversely affected.

We may be unable to anticipate and react to the increase in cost of surgical instruments, medical consumables and pharmaceutical items in the future, or may be unable to pass on these cost increases to our payers, which could materially and adversely affect our profitability.

**26. *We are vulnerable to failures of our information technology system, which could adversely affect our business.***

Our information technology system is important to our business. We rely on our technology system to, among other things, conduct video-consultations with our patients, manage accounting and financial reporting, store information in data centers operated by third parties, maintain back-up data with our disaster recovery center, facilitate consultations among medical professionals, prepare and manage medical records, financial records, conduct training programs and inventory. If we experience an interruption or a reduction in the reliability of our technology architecture, disruptions from our local service providers, failure of lease lines, third-party failures in providing data center services or failure in our disaster recovery center, our operations and ability to manage our administrative systems could be adversely impacted. Any technical failures in our information technology system may impair our ability to provide services to our patients. Corruption of certain information could also lead to delayed or inaccurate judgments or diagnoses in our treatment of patients, and could result in damage to the welfare of our patients. Any failure of our IT systems could materially and adversely affect the operation of all of our hospitals.

In addition, since we rely on our technology systems to manage our accounting and financial functions, including processing payments to service providers and invoicing our clients, any technical failures or errors could materially and adversely impact our financial reporting, results of operations and cash flows, as well as our reputation and relationships with the community.

We may be subject to cyberattacks and other cybersecurity risks and threats, which may put us at risk for possible losses due to fraud, operational disruptions, or the unintended dissemination of sensitive personal information. We may also be subject to liability as a result of any theft, loss, unauthorized disclosure or misuse of confidential, sensitive and/ or personal information stored on our systems. The development of our information technology system is generally outsourced to third-party suppliers, over which we have limited control. Failure by such third party suppliers to adequately secure or manage our information and systems, as well as their discontinuation of existing products and services that we rely on, may adversely affect our operations.

**27. *If we are unable to establish and maintain effective internal controls, our business and reputation could be adversely affected.***

We are responsible for establishing and maintaining adequate internal control measures commensurate with the size and complexity of operations. Our internal audit functions make an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis to ensure our operations adhere to our corporate policies, compliance requirements and internal guidelines. We are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances.

We take reasonable steps to maintain appropriate procedures for compliance and disclosure and to maintain effective internal controls over our financial reporting so that we produce reliable financial reports and prevent financial fraud. As risks evolve and develop, internal controls must be reviewed on an ongoing basis. Maintaining such internal controls requires human involvement and is therefore subject to lapses in judgment and failures that result from human error. Any lapses in judgment or failures that result from human error can affect the accuracy of our financial reporting, resulting in a loss of investor confidence and a decline in the price of our Equity Shares.

Further, our operations are subject to anti-corruption laws and regulations. While our code of conduct requires our employees and intermediaries to comply with all applicable laws, and we continue to enhance our policies and procedures in an effort to ensure compliance with applicable anti-corruption laws and regulations, these measures may not prevent the breach of such anti-corruption laws. There are risks of such breaches in emerging markets, such as India, including within the healthcare sector. If we are not in compliance with applicable anti-corruption laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions/remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity.

**28. *We have in the past entered into related party transactions and will continue to do so in the future and we cannot assure you that we could not have achieved more favorable terms if such transactions had not been entered into with related parties.***

We have in the past entered into transactions with certain of our related parties and are likely to do so in the future. For details, see “*Related Party Transactions*” on page 341. While we believe that all such transactions have been conducted on an arm’s length basis, we cannot assure you that we could not have obtained more favorable terms had such transactions been entered into with unrelated parties. Although all related party transactions that we may enter into post-listing, will be subject to board or shareholders’ approval or audit committee approval, as necessary and applicable under the Companies Act, 2013 and the applicable Listing Regulations, we cannot assure you that such transactions in the future, individually or in the aggregate, will not have an adverse effect on our cash flows, financial condition and results of operations.

**29. *We may require additional funding to finance our operations, which may not be available on terms acceptable to us, or at all, and if we are unable to raise funds, the value of your investment in us may be negatively impacted.***

We operate in a capital intensive industry and may need additional funding to finance our operations, particularly for investments in hospital infrastructure, and growth strategies. Sources of additional financing may include commercial bank borrowings, supplier financing, or the sale of equity or debt securities. There can be no assurance that we will be able to obtain any additional financing on terms acceptable to us, or at all. The cost of raising capital may be high. Any additional funding we obtain may strain our cash flows and financial condition. Our ability to raise additional financing in the future is subject to a variety of uncertainties, including but not limited to:

- our future financial condition, results of operations and cash flows;
- general market conditions for debt financing and equity capital raising activities; and
- economic, political and other conditions in India.

If we raise additional funds through equity or equity-linked financing, your equity interest in our Company may be diluted. Alternatively, if we raise additional funds by incurring debt obligations, we may be subject

to various covenants under the relevant debt instruments that may, among other things, restrict our ability to pay dividends or obtain additional financing. Servicing such debt obligations could also be burdensome to our operations. If we fail to service such debt obligations or are unable to comply with any of the covenants thereunder, we could be in default under such debt obligations and our liquidity, financial condition and credit rating could be materially and adversely affected.

**30. Inadequate health insurance in India may adversely affect our business, results of operations and cash flows.**

According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), health insurance penetration in India was at approximately 37% as of March 31, 2020 (as per the Insurance Regulatory and Development Authority Annual Report 2019-20) and a total of 498 million lives were covered under 17.9 million policies (as per IRDAI data). Under most indemnity plans under health insurance policies in India, insurance companies negotiate special package rates with a number of hospitals for various common procedures which the insured can receive without incurring any out-of-pocket payment. The insured is responsible for paying out-of-pocket expenses to the healthcare providers first and then filing a claim to get reimbursed for any treatments received outside the network. Most health insurance policies in India cover only inpatient care costs. Consequently, higher out-of-pocket expenses related to healthcare in India may make healthcare unaffordable for lower income households. Due to the inadequate viable health insurance policies in India, demand for our medical services may not increase as expected. On the other hand, if more patients avail health insurance in India, our receivables will increase and our trade receivables collections may be adversely affected if such patients do not pay in accordance with the credit terms. It may also lead to increased discounts and disallowance. As a result, our business, cash flows and results of operations could be materially and adversely affected.

**31. We may be subject to worker unrests and increased wage expenses which could materially and adversely affect our business, financial condition, results of operations and cash flows.**

India has stringent labor legislations that protect the interests of workers, which includes legislation that sets forth detailed procedures for the establishment of labor unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment of employees. Even though our employees are not unionized, if they undertake strikes or work-stoppages for any reason in the future, this could adversely affect our reputation, business, financial condition, results of operations and cash flows.

Our results of operations and financial condition may also be adversely affected by other changes in labor laws.

**32. We have contingent liabilities and capital commitments, and our financial condition could be adversely affected if any of these contingent liabilities or capital commitments materialize.**

The following table sets forth our contingent liabilities as per Ind AS 37 and our capital commitments as per Ind AS 16, as of September 30, 2021:

| <b>Contingent liabilities</b>                                                                                         | <b>As of September 30, 2021</b> |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------------|
|                                                                                                                       | <b>(₹ in millions)</b>          |
| Demands under dispute                                                                                                 |                                 |
| Value added tax, central sales tax and service tax demand under dispute.....                                          | 32.03                           |
| Luxury tax demand under dispute.....                                                                                  | 18.55                           |
| Claims against us not acknowledged as debt.....                                                                       | 99.71                           |
|                                                                                                                       |                                 |
| <b>Capital commitments</b>                                                                                            | <b>As of September 30, 2021</b> |
|                                                                                                                       | <b>(₹ in millions)</b>          |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)..... | 124.43                          |

We cannot assure you that we will not incur similar or increased levels of contingent liabilities or capital commitments in the future. If any of these contingent liabilities or capital commitment materialize, our financial condition and results of operation may be adversely affected. For further details on our contingent

liabilities and capital commitments, see also “Financial Statements” on page 259.

**33. Our business is subject to seasonality.**

Our business is affected by seasonality and we typically have fewer patient visits during the months of March to May, which are the school examination and vacation periods. During these periods, patients are less likely to schedule or seek medical treatment except where necessary. As such, our operating results have fluctuated and are expected to continue to vary from period to period, and may not be indicative of our annual financial results.

**34. While our Company will receive proceeds from the Fresh Issue, it will not receive any proceeds from the Offer for Sale portion.**

In addition to the Fresh Issue from which our Company will receive proceeds, this Offer includes an Offer for Sale of up to 24,000,900 Equity Shares by the Selling Shareholders. The entire proceeds from the Offer for Sale will be paid to the Selling Shareholders in proportion of the Equity Shares offered by the Selling Shareholders in the Offer for Sale and our Company will not receive any proceeds from such Offer for Sale (after deducting applicable Offer expenses). For further details, see the section “Objects of the Offer” and “Capital Structure” beginning on pages 112 and 86, respectively.

**35. We have not entered into any definitive agreements for the new hospitals which we propose to set up and where we propose to incur capital expenditure by utilizing our Net Proceeds.**

Our Company intends to use the Net Proceeds for, amongst other things, capital expenditure towards setting up of new hospitals, as described in “Objects of the Offer” beginning on page 112. The premises for these proposed hospitals are expected to be taken on lease or sub-lease basis. New hospitals are typically set up by identifying the relevant property, post which we undertake a legal due diligence on such property. Thereafter, we enter into a binding agreement to lease such property, which typically provides for a six to 10 months rent-free period, so as to enable us to complete the requisite infrastructure work for such hospital, and to receive the occupancy certificate and fire NOC from the relevant authorities. Thereafter, we enter into lease deeds with the lessors, pursuant to which the rentals become due.

As on the date of this Draft Red Herring Prospectus, our Company has entered into one MoU for the property situated at Himayat Nagar in Hyderabad for the new hospital proposed to be added in the financial year 2023. For the remaining new hospitals proposed to be added in the financial years 2023, 2024 and 2025, i.e., (i) an additional new hospital in Hyderabad in the financial year 2023, (ii) two new hospitals in Bengaluru and NCR in the financial year 2024, and (iii) two new hospitals in Chennai and NCR in the financial year 2025, our Company has not identified specific locations within these respective cities for setting up the new hospitals. The locations for these new hospitals will be decided by the management of our Company, post the Offer, based on management estimates, due diligence of the properties and market conditions. Any delay in identifying the locations or entering into binding agreements will impact our proposed schedule of implementation and deployment of Net Proceeds, and, consequently, our expansion plans in terms of the total number of hospitals proposed to be set up and expansion of bed capacity across India over the course of the next three financial years.

**36. Our Promoters and members of our Promoter Group will continue to retain control over our Company after completion of the Offer, which will allow them to influence the outcome of matters submitted for approval of our shareholders.**

Following the completion of the Offer, our Promoters and members of our Promoter Group will continue to hold approximately [●]% of our post-Offer Equity Share capital. As a result, they will have the ability to significantly influence matters requiring shareholders’ approval, including the ability to appoint Directors to our Board of Directors and the right to approve significant actions at Board and at shareholders’ meetings, including the issue of Equity Shares, dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our Memorandum of Association and Articles of Association and any assignment or transfer of our interest in any of our licenses. Further, if, in the future, our Promoters and members of Promoter Group are unwilling to dilute their equity stake in our Company and do not or are unable to raise funds for our Company, our growth may be affected. In addition, the trading price of the Equity Shares could be materially adversely affected if potential new investors are disinclined to invest in us because they perceive disadvantages to a large shareholding being concentrated in our Promoters and members of our Promoter Group.

- 37. This Draft Red Herring Prospectus contains information from third parties including an industry report prepared by an independent third-party research agency, CRISIL, which we have commissioned and paid for purposes of confirming our understanding of the industry exclusively in connection with the Offer. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.**

The industry and market information contained in this Draft Red Herring Prospectus includes information that is derived from the report titled “Assessment of maternity and pediatric healthcare delivery sectors in India” (the “**Industry Report**”) dated November 2021 prepared by an independent third-party research agency, CRISIL. The Industry Report has been commissioned and paid for by us for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. The report uses certain methodologies for market sizing and forecasting, and may include numbers relating to our Company that differ from those we record internally. Given the scope and extent of the Industry Report, disclosures herein are limited to certain excerpts and the Industry Report has not been reproduced in its entirety in this Draft Red Herring Prospectus. There are no parts, data or information (which may be relevant for the Offer), that have been left out or changed in any manner. Accordingly, investors should read the industry-related disclosure in this Draft Red Herring Prospectus in this context.

Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus. In addition, the Industry Report includes certain peer benchmarking data for which CRISIL has selected other multispecialty hospitals in India which may have different models and specialties in different therapeutic areas as compared to our Company. As such, a direct comparison between our Company and such peers may not be definitive. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

- 38. This Draft Red Herring Prospectus contains certain Non-GAAP measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the industry.**

This Draft Red Herring Prospectus includes certain non-GAAP measures, including EBITDA, Adjusted EBITDA, net worth, return on net worth, net asset value, net asset value per equity share, return on equity, return on capital employed, net tangible assets, operating profit, monetary assets, monetary assets as a percentage of the net tangible assets, which are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. We consider these non-GAAP measures useful in evaluating our business and financial performance. However, these non-GAAP measures are not alternatives to any measure of performance or liquidity or as an indicator of our operating performance or liquidity. They should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. There are no standard methodologies in the industry for computing such measures, and those non-GAAP measures we included in this Draft Red Herring Prospectus may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure. For details, see “Other Financial Information” on page 338.

- 39. Our Company has issued Equity Shares in the last 12 months at a price which may be lower than the Offer Price.**

During the last 12 months, we have issued Equity Shares at a price that may be lower than the Offer Price, as set forth below:

| Date of Allotment | No. of equity shares allotted | Face value (₹) | Offer Price (₹) | Reason/Nature of allotment  | Form of consideration |
|-------------------|-------------------------------|----------------|-----------------|-----------------------------|-----------------------|
| October 22, 2021  | 1,928,000                     | 10.00          | 140.00          | Rights Issue <sup>(1)</sup> | Cash                  |
| December 1, 2021  | 48,167,004                    | 10.00          | -               | Bonus Issue <sup>(2)</sup>  | NA                    |

For further details, see “*Capital Structure – Notes to the Capital Structure – Share capital history of our Company – Equity Share capital*” on page 87. The price at which the Equity Shares have been issued by our Company in the preceding one year is not indicative of the Offer Price, or the price at which the Equity Shares will be traded going forward.

**40. Certain of our Promoters, Directors and Key Managerial Personnel hold Equity Shares in our Company and are therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses.**

Dr. Ramesh Kancharla, our Promoter, Chairman and Managing Director, Dr. Dinesh Kumar Chirla, our Promoter, Whole-Time Director, and three of our Key Managerial Personnel, namely Mahesh Madduri, R Gowrisankar and Dr. Prashanth Katragadda, are interested in our Company to the extent of their shareholding in our Company, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares, in addition to any regular remuneration, benefits or reimbursement of expenses as may be payable to them. For further details, see “*Our Management – Interest of Directors*” and “*Our Management – Interest of Key Managerial Personnel*” and “*Our Promoters and Promoter Group – Nature and extent of interest of our Promoters*” on pages 232, 247 and 250, respectively.

**41. Some of our Group Companies have incurred losses in the last three financial years.**

Some of our Group Companies have incurred losses in the last three financial years as provided below:

| S.No. | Name of the Group Company                          | Financial periods                      |                                        |                                        |
|-------|----------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
|       |                                                    | Financial year ended December 31, 2020 | Financial year ended December 31, 2019 | Financial year ended December 31, 2018 |
| 1.    | CDC Group                                          | £ (284.30) million                     | £ (370.30) million                     | £ 6.8 million                          |
| 2.    | CDC India Opportunities Limited                    | USD (13,530,625)                       | USD (6,839,107)                        | USD (8,494,498)                        |
| 3.    | CDC Emerging Markets Limited                       | USD (4,133,443)                        | USD 9,370,091                          | USD (4,955,424)                        |
|       |                                                    | Financial Year ending March 31, 2020   | Financial Year ending March 31, 2019   | Financial Year ending March 31, 2018   |
| 4.    | Ravindranath GE Medical Associates Private Limited | ₹ (904.60) million                     | ₹ (872.89) million                     | ₹ 175.73 million                       |

For further details, see “*Our Group Companies*” on page 253. We cannot assure you that our Group Companies will not incur losses in the future, or that such losses will not adversely affect our reputation or our business.

## EXTERNAL RISK FACTORS

### Risks Related to India

**42. *Political, economic or other factors that are beyond our control may have an adverse effect on our business, financial condition, results of operations and cash flows.***

The Indian economy and capital markets are influenced by economic, political and market conditions in India and globally, particularly in the United States and Asian emerging market countries. We currently operate only in India and, as a result, are dependent on prevailing economic conditions in India. However, any worldwide financial instability could also have a negative impact on the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Financial disruptions may occur again and could harm our results of operations and financial condition. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any decline in India's foreign exchange reserves;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India;
- prevailing income conditions among Indian consumers and Indian corporates;
- volatility in, and actual or perceived trends in trading activity on India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- strikes, lock-outs, work stoppages or increased wage demands by employees, suppliers, or other service providers;
- occurrence of natural or man-made disasters (such as hurricanes, typhoons, floods, earthquakes, tsunamis and fires) which may cause us to suspend our operations or have a negative effect on the Indian economy;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war may adversely affect the Indian markets as well as result in a loss of business confidence in Indian companies;
- epidemics, pandemics or any other public health concerns in India or in countries in the region or globally, including in India's various neighboring countries, such as the COVID-19 pandemic;
- any downgrading of India's debt rating by a domestic or international rating agency;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- financial instability in financial markets;
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so; and
- other significant regulatory or economic developments in or affecting India or its healthcare sector.



Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, financial condition and results of operations, and the price of our Equity Shares.

**43. *Changing laws, rules and regulations and legal uncertainties, including tax laws and regulations, may adversely affect our business and financial performance.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes and the related uncertainties with respect to the implementation of new regulations, including the instances mentioned below, may adversely affect our business, results of operations, cash flows and prospects to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. In addition, unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and investments in our Company by non-residents, could result in us being deemed to be in contravention of such laws and/or may require us to apply for additional approvals.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, turnover tax, goods and services tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. We are involved in various disputes with tax authorities. For details of these disputes, see “*Outstanding Litigation and Material Developments*” on page 370. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time.

Any change in Indian tax laws could have an effect on our operations. For instance, the Taxation Laws (Amendment) Act, 2019, a new tax legislation issued by India’s Ministry of Finance on September 20, 2019, prescribes a number of changes to the income tax rate applicable to companies in India. According to this new legislation, companies can henceforth voluntarily opt for a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22% subject to compliance with conditions prescribed, from the erstwhile 25% or 30% depending upon the total turnover or gross receipt in the relevant period. We have opted for the concessional tax regime and continue to be subject to other benefits and exemptions. Any such future amendments may affect our other benefits such as an exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

Due to the COVID-19 pandemic, the Government of India also passed the Taxation and Other Laws (Relaxation of Certain Provisions) Act, 2020, implementing relaxations from certain requirements under, among others, the Central Goods and Service Tax Act, 2017 and Customs Tariff Act, 1975. Further, the Government of India has announced the Union Budget for Fiscal 2022, pursuant to which the Finance Act of 2021 has introduced various amendments.. There is no certainty on the impact that the Finance Act of 2021 may have on our business and operations or on the industry in which we operate.

Further, a draft of the Personal Data Protection Bill, 2019 has been introduced before the Lok Sabha on December 11, 2019. A report on the same has been tabled by a joint parliamentary committee of Parliament on December 16, 2021. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Additionally, the Government of India has recently introduced (a) the Code on Wages, 2019; (b) the Code on Social Security, 2020; (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020 which consolidate, subsume and replace numerous existing central labor legislations. The implementation of such laws has resulted in increases in our employee and labor costs.

There can be no assurance that the Government of India will not implement new regulations and policies requiring us to obtain approvals and licenses from the Government of India or other regulatory bodies, or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment or

change to governing laws, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent in the jurisdictions in which we operate may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. It may also have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which could materially harm our results of operations or cash flows. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

**44. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.***

The Competition Act, 2002, as amended (the “**Competition Act**”) was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition (“**AAEC**”) in certain markets in India and has mandated the Competition Commission of India (the “**CCI**”) to separate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an AAEC is deemed void and attracts substantial penalties.

Further, any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. Further, the Competition Act prohibits abuse of dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and liable to be punished.

On March 4, 2011, the Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act which came into effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. The impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. However, since we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, any enforcement proceedings initiated by the CCI, any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, or any prohibition or substantial penalties levied under the Competition Act, which would adversely affect our business, results of operations, cash flows and prospects.

**45. *Any downgrading of India’s debt rating by an international rating agency could have a negative impact on our business.***

India’s sovereign debt rating could be downgraded due to several factors, including changes in tax or fiscal policy or a decline in India’s foreign exchange reserves, all which are outside the control of our Company. Any adverse revisions to India’s credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional external financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

**46. *Current economic conditions may adversely affect our business, results of operations and financial condition.***

The performance and growth of our business are necessarily dependent on economic conditions prevalent

in India, which may be materially and adversely affected by central or state political instability or regional conflicts, a general rise in interest rates, inflation, and economic slowdown elsewhere in the world or otherwise.

There have been periods of slowdown in the economic growth of India. India's economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in currency exchange rates and annual rainfall which affects agricultural production. Any continued or future slowdown in the Indian economy or a further increase in inflation could have a material adverse effect on the price of our medical equipment for our services and, as a result, on our business and financial results.

Further, the global economy is currently undergoing a period of unprecedented volatility, and the future economic environment may continue to be less favorable than that of recent years. Financial turmoil in Asia, Europe, the U.S. and elsewhere in the world have affected the Indian economy in the past. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability, including the financial crisis and fluctuations in the stock markets in China and further deterioration of credit conditions in the U.S. or European markets, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business and financial results.

**47. *If the rate of inflation in India increases, our business and results of operations may be adversely affected.***

Inflation rates in India have been volatile in recent years, and such volatility may continue. In recent years, India has experienced consistently high inflation, which has increased the price of, among other things, our rent, raw materials, salaries and wages. If this trend continues, we may be unable to accurately estimate or control our costs of production and this could have an adverse effect on our business and results of operations. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our patients, whether entirely or in part, and may adversely affect our business and financial condition. If we are unable to increase our revenues sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. Further, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. We cannot assure you that Indian inflation levels will not worsen in the future.

**48. *Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as U.S. GAAP and IFRS, which may affect investors' assessments of our Company's financial condition.***

Our Restated Consolidated Financial Information for and as of the financial years 2019, 2020, 2021 and the six months ended September 30, 2020 and 2021 included in this Draft Red Herring Prospectus are presented in conformity with Ind AS, in each case, restated in accordance with the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by the ICAI. Ind AS differs from accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP.

We have not attempted to explain in a qualitative manner the impact of the IFRS or U.S. GAAP on the financial information included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial information to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP, which may differ from accounting principles with which prospective investors may be familiar in other countries. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus, which are restated as per the SEBI ICDR Regulations included in this Draft Red Herring Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Ind AS, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices, Ind AS, the Companies Act and the SEBI Regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

**49. *Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.***

Under foreign exchange regulations currently in force in India, the transfer of shares between non-residents and residents are freely permitted (subject to compliance with sectoral norms and certain other restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Further, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Rules, investments where the beneficial owner of the equity shares is situated in or is a citizen of a country which shares a land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or conditions or at all. For further information, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 427.

**50. *Our ability to raise foreign debt capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

**51. *Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.***

The Articles of Association, the composition of our Board and other aspects of our corporate affairs, including the validity of corporate procedures, directors’ fiduciary duties and liabilities and shareholders’ rights, are governed by Indian laws and may differ from companies in another jurisdiction. Shareholders’ rights under Indian law may not be as extensive and wide-spread as shareholders’ rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

**52. *Investors may have difficulty in enforcing foreign judgments against our Company or our management.***

Our Company is a limited liability company incorporated under the laws of India. All of our directors and executive officers are residents of India, except for a Director who is a resident of United Kingdom. Many of our Company’s assets are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons in India or to enforce judgments obtained against our Company or such parties outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, including the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended (“**Civil Procedure Code**”). The United States has not been notified as a reciprocating territory.

In order to be enforceable, a judgment obtained in a jurisdiction which India recognizes as a reciprocating territory must meet certain requirements of the Civil Procedure Code. Section 13 of the Civil Procedure

Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Procedure Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; such presumption may be displaced by proving want of jurisdiction. The Civil Procedure Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, or other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards even if such awards are enforceable as a decree or judgment. A foreign judgment rendered by a superior court (as defined under the Civil Procedure Code) in any jurisdiction outside India which the Government of India has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with public policy in Indian. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Such amount may also be subject to income tax in accordance with applicable law.

Consequently, it may not be possible to enforce in an Indian court any judgment obtained in a foreign court, or effect service of process outside of India, against Indian companies, entities, their directors and executive officers and any other parties resident in India. Additionally, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner.

## **Risks Related to the Offer**

### **53. *The Offer Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Offer.***

The Offer Price of our Equity Shares has been determined by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders in consultation with the BRLMs and in accordance with the Book Building Process. This price is based on numerous factors, as described under “*Basis for Offer Price*” beginning on page 124 and may not be indicative of the market price for our Equity Shares after the Offer. The market price of our Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. In addition, the stock market often experiences price and volume fluctuations that are unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of our Equity Shares, regardless of our Company's performance. As a result of these factors, we cannot assure you that investors will be able to resell their Equity Shares at or above the Offer Price.

### **54. *Our Equity Shares have never been publicly traded, and, after the Offer, our Equity Shares may experience price and volume fluctuations, and an active trading market for our Equity Shares may not develop.***

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market for our Equity Shares may not develop. Listing and quotation does not guarantee that a market for our Equity Shares will develop, or if developed, the liquidity of such market for our Equity Shares. The Offer Price of our Equity Shares has been determined through a book-building process and may not be indicative of the market price of our Equity Shares at the time of commencement of trading of our Equity Shares or at any time thereafter. The market price of our Equity Shares may be subject to significant fluctuations in response to, among other factors:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of research analysts and investors;
- results of operations that vary from those of our competitors;
- conditions in financial markets, including those outside India;
- a change in research analysts' recommendations;
- announcements by us or our competitors of new service offerings, significant acquisitions, strategic alliances, joint operations or capital commitments;
- claims or proceedings by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations or changes in laws and governmental regulations applicable to our industry;
- additions or departures of Key Management Personnel; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could affect the price of our Equity Shares.

***55. Fluctuations in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the NSE and BSE. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

***56. Any sale of Equity Shares by our Promoters or future issuance of Equity Shares, or convertible securities or other equity-linked securities by us may dilute your shareholding and adversely affect the trading price of our Equity Shares.***

We may be required to finance our growth through future equity offerings. Any future issuance of our Equity Shares, convertible securities or securities linked to our Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in our Company. Any sale of our Equity Shares by our Promoters or future equity issuances by us may adversely affect the trading price of our Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. We cannot assure you that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

**57. *Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of our Equity Shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company would be diluted.

**58. *Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Under the current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax (“STT”) is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and the STT is collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, are subject to long term capital gains tax in India. Such long term capital gains exceeding ₹100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). Unrealized capital gains earned on listed equity shares up to January 31, 2018 continue to be tax-exempted in such cases. Further, STT will be levied and collected by an Indian stock exchange if the equity shares are sold on a stock exchange. With respect to capital gains arising in an off market sale, long term capital gains are subject to tax at the rate of 10% (plus applicable surcharge and cess) without the exemption of ₹100,000. Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. Short-term capital gains, arising from the sale of such equity shares on a stock exchange would be subject to tax at the rate of 15% (plus applicable surcharge and cess), while short term capital gains arising in an off-market sale would be subject to tax at a higher rate of 40% (plus applicable surcharge and cess) in the case of foreign companies and 30% (plus applicable surcharge and cess) in the case of other non-resident taxpayers and at applicable tax rates for resident taxpayers.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020. It clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our business and operations. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Historically, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares. Additionally, the Finance Act, 2020 does not require dividend distribution tax to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and are likely be subject to tax deduction at source. Our Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at the source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in our Equity Shares.

**59. *There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on the NSE and BSE.***

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will

require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the NSE and BSE, which would adversely affect your ability to sell our Equity Shares.

**60. *Certain of our existing shareholders or future shareholders together may be able to exert substantial voting control over us, which may limit your ability to influence corporate matters.***

As of the date of this Draft Red Herring Prospectus, our five largest shareholders beneficially owned an aggregate of 80,016,880 Equity Shares, representing 85.08% of our outstanding Equity Shares. Some existing or future shareholders together may limit your ability to influence corporate matters that require shareholder approval. These existing or future shareholders may be able to exercise considerable influence over any matters requiring shareholder approval, including the election of directors, approval of lending and investment policies and the approval of corporate transactions, such as a merger or other sale of our Company or its assets or further fund-raising transactions. In addition, our dispersed shareholdings may cause matters requiring shareholder approval to be delayed or not occur at all, which could adversely affect our business. Moreover, these shareholders are not obligated to share any business opportunities with us.

**61. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements and we cannot assure you that we will be able to pay dividends in the future.***

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. In addition, our ability to pay dividends may also be restricted by the terms of financing arrangements that we may enter into, and any dividend payments we make may be subject to the prior consent of certain of our lenders pursuant to the terms of the agreements we have with them. For details, see “*Financial Indebtedness*” beginning on page 369.

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. The quantum of dividend, if any, and our ability to pay dividends will depend on a number of factors, including, but not limited to, our Company’s profits, past dividend trends, capital requirements, financial commitments and financial requirements including business expansion plans, applicable legal restrictions and other factors considered relevant by our Board. Our Company may also, from time to time, pay interim dividends. We may retain all our future earnings, if any, for use in the operations and expansion of our business. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on the Shareholders’ investments will depend on the appreciation of the price of our Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

**62. *Requirements of being a listed company may strain our resources.***

We are not a listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the SEBI Listing Regulations which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies. Further, as a listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. As a result, our management’s attention may be diverted from our business concerns, which may adversely affect our business, prospects, financial condition, results of operations and cash flows.

**63. *QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid, and Retail Individual Bidders are not permitted to withdraw their Bids after the Bid/Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after



submitting a Bid. RIBs can revise or withdraw their Bids during the Bid/Offer Period. While our Company is required to complete Allotment pursuant to the Offer within such period as may be prescribed under applicable law, events affecting the Bidders' decision to invest in our Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, financial condition and results of operations may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of our Equity Shares even if such events occur, and such events limit the Bidders' ability to sell our Equity Shares Allotted pursuant to the Offer or cause the trading price of our Equity Shares to decline on listing. QIBs and Non-Institutional Bidders will therefore not be able to withdraw or lower their bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise, between the dates of submission of their Bids and Allotment.

## SECTION III: INTRODUCTION

### THE OFFER

The following table summarizes details of the Offer:

|                                                                                                           |                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Offer of Equity Shares<sup>(1)(2)</sup></b>                                                            | Up to [●] Equity Shares, aggregating up to ₹ [●] million                                                                                              |
| <b>of which:</b>                                                                                          |                                                                                                                                                       |
| <b>Fresh Issue <sup>(1)</sup></b>                                                                         | Up to [●] Equity Shares, aggregating up to ₹ 2,800 million                                                                                            |
| <b>Offer for Sale <sup>(2)</sup></b>                                                                      | Up to 24,000,900 Equity Shares, aggregating up to ₹ [●] million                                                                                       |
| <b>of which</b>                                                                                           |                                                                                                                                                       |
| <b>Employee Reservation Portion<sup>(3)</sup></b>                                                         | Up to 300,000 Equity Shares, aggregating up to ₹ [●] million                                                                                          |
| <b>Net Offer</b>                                                                                          | Up to [●] Equity Shares, aggregating up to ₹ [●] million                                                                                              |
| <b>The Net Offer comprises of:</b>                                                                        |                                                                                                                                                       |
| <b>A) QIB Portion<sup>(4)(5)</sup></b>                                                                    | Not more than [●] Equity Shares                                                                                                                       |
| <b>of which:</b>                                                                                          |                                                                                                                                                       |
| (i) <b>Anchor Investor Portion</b>                                                                        | Up to [●] Equity Shares                                                                                                                               |
| (ii) <b>Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)</b>                        | [●] Equity Shares                                                                                                                                     |
| <b>of which:</b>                                                                                          |                                                                                                                                                       |
| (a) <b>Available for allocation to Mutual Funds only (5% of the Net QIB Portion)</b>                      | [●] Equity Shares                                                                                                                                     |
| (b) <b>Balance for all QIBs including Mutual Funds</b>                                                    | [●] Equity Shares                                                                                                                                     |
| <b>B) Non-Institutional Portion</b>                                                                       | Not less than [●] Equity Shares                                                                                                                       |
| <b>C) Retail Portion<sup>(6)</sup></b>                                                                    | Not less than [●] Equity Shares                                                                                                                       |
| <b>Pre and post-Offer Equity Shares</b>                                                                   |                                                                                                                                                       |
| <b>Equity Shares outstanding prior to the Offer (as at the date of this Draft Red Herring Prospectus)</b> | 94,053,928 Equity Shares                                                                                                                              |
| <b>Equity Shares outstanding after the Offer</b>                                                          | [●] Equity Shares                                                                                                                                     |
| <b>Use of Net Proceeds</b>                                                                                | See “Objects of the Offer” on page 112 for information on the use of Net Proceeds. Our Company will not receive any proceeds from the Offer for Sale. |

- (1) The Offer has been authorized by a resolution of our Board dated December 9, 2021 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated December 13, 2021.

If,

- our Company does not receive minimum subscription in the Offer, as specified under Rule 19(2)(b) of the SCRR;
- our Company does not receive minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date;
- the subscription level in the Fresh Issue falls below 90% after the closure of Offer on account of withdrawal of applications, or after technical rejections, or any other reason;
- in case of devolvement of underwriting, if the aforesaid minimum subscription conditions are not complied with within 60 days from the Bid/ Offer Closing Date;
- any of the listing or trading permissions are not obtained from the Stock Exchanges for the Equity Shares in the Offer; and
- the shareholding of CDC does not reduce below 25% upon completion of the Offer,

our Company and the Selling Shareholders shall forthwith refund the entire subscription amount received in accordance with applicable law, including the SEBI circular bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is a delay beyond four days after our Company and the Selling Shareholders become liable to pay the amount, our Company, Selling Shareholders and every Director who are officers in default, shall pay interest as prescribed under applicable law.

Further, notwithstanding the fulfilment of each of the conditions mentioned above, our Company, Dr. Ramesh Kancharla and CDC, at their sole discretion, collectively, reserve the right whether to proceed or not to proceed with the Offer if CDC's shareholding in the Company, solely pursuant to CDC's component of the Offer for Sale, does not reduce by at least 8% (calculated on the basis of the pre-IPO equity share capital of the Company), in

which event, and if so mutually decided by our Company, Dr. Ramesh Kancharla and CDC, our Company and the Selling Shareholders shall forthwith refund the entire subscription amount received in accordance with applicable law, as mentioned above.

In the event of under-subscription, if any, in any category, except the QIB Portion, such under-subscription would be allowed to be met with spill- over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law.

In the event of under-subscription in the Offer, but subject to (i) fulfilment of the conditions set out above, and (ii) our Company, Dr. Ramesh Kancharla and CDC deciding to proceed with the Offer, as set out above, the Equity Shares will be Allotted in the following order:

- such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue is subscribed;
- post Allotment of Equity Shares as per (a) above, all the Offered Shares of each of the Investor Selling Shareholders will be Allotted on a pro rata basis; and
- post Allotment of Equity Shares as per (a) and (b) above, the balance 10% of the Fresh Issue and the remaining Offered Shares of each of the Promoter Selling Shareholders and the Other Selling Shareholder will be Allotted on a pro rata basis.

In addition to the above, the Offer is contingent on the shareholding of CDC reducing below 25%. Further, CDC, in its sole discretion, reserves the right not to proceed with the Offer if all of the Investor Selling Shareholders' Offered Shares are not Allotted.

- Each of the Selling Shareholders (severally and not jointly) has specifically confirmed that its portion of the Offered Shares has been held by it in accordance with applicable law, and is eligible for being offered for sale as part of the Offer in terms of Regulation 8 of the SEBI ICDR Regulations. Each of the Selling Shareholders has confirmed and approved its participation in the Offer for Sale as set out below:

| S. No.                               | Name of the Selling Shareholder | Offered Shares    | Date of Selling Shareholder's consent letter | Date of corporate authorization/board resolution |
|--------------------------------------|---------------------------------|-------------------|----------------------------------------------|--------------------------------------------------|
| <b>Promoter Selling Shareholders</b> |                                 |                   |                                              |                                                  |
| 1.                                   | Dr. Ramesh Kancharla            | Up to 5,354,630   | December 23, 2021                            | N.A                                              |
| 2.                                   | Dr. Dinesh Kumar Chirla         | Up to 1,926,690   | December 23, 2021                            | N.A                                              |
| 3.                                   | Dr. Adarsh Kancharla            | Up to 1,445,020   | December 23, 2021                            | N.A                                              |
| <b>Investor Selling Shareholders</b> |                                 |                   |                                              |                                                  |
| 4.                                   | CDC Group                       | Up to 9,632,876*  | December 23, 2021                            | September 15, 2021 <sup>^</sup>                  |
| 5.                                   | CDC India                       | Up to 5,033,236** | December 23, 2021                            | November 9, 2021                                 |
| <b>Other Selling Shareholder</b>     |                                 |                   |                                              |                                                  |
| 6.                                   | Padma Kancharla                 | Up to 608,448     | December 23, 2021                            | N.A                                              |

\* Includes 1,146,771 Series ACCPS to be converted into equity shares prior to filing of the RHP.

\*\* Includes 1,133,309 Series B CCPS to be converted into equity shares prior to filing of the RHP.

<sup>^</sup> As varied by written communication dated December 15, 2021.

- In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹500,000 to each eligible employee), shall be added to the Net Offer. Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, may offer a discount of up to [●] % (equivalent to up to ₹ [●] per Equity Share) to the Eligible Employees Bidding under the Employee Reservation Portion. The amount of employee discount, if any will be advertised in all newspapers wherein the pre-Offer advertisement will be published.
- Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion

*shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see “Offer Procedure” on page 407.*

- (5) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law.*
- (6) Allocation to Bidders in all categories, except Anchor Investors, if any, and Retail Individual Investors, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis. For further details, see “Offer Procedure” on page 407.*

For further details, including in relation to grounds for rejection of Bids, refer to “Offer Procedure” on page 407. For further details of the terms of the Offer, see “Terms of the Offer” on page 396.

## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Consolidated Financial Information. The summary financial information presented below should be read in conjunction with “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 259 and 343.

### RESTATEd CONSOLIDATED BALANCE SHEET DATA

(₹ in million)

| Particulars                                         | As at<br>September<br>30, 2021 | As at<br>September<br>30, 2020 | As at<br>March<br>31, 2021 | As at<br>March<br>31, 2020 | As at<br>March<br>31, 2019 |
|-----------------------------------------------------|--------------------------------|--------------------------------|----------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                                       |                                |                                |                            |                            |                            |
| <b>Non-current assets</b>                           |                                |                                |                            |                            |                            |
| a. Property, plant and equipment                    | 4,237.85                       | 3,345.57                       | 3,988.95                   | 3,446.12                   | 3,387.41                   |
| b. Capital work-in-progress                         | 34.70                          | 660.56                         | 287.66                     | 427.46                     | 226.33                     |
| c. Right-of-use of assets                           | 3,967.31                       | 3,462.31                       | 3,688.95                   | 3,516.48                   | 3,564.65                   |
| d. Goodwill                                         | 29.87                          | 29.87                          | 29.87                      | 29.87                      | 29.87                      |
| e. Other intangible assets                          | 12.70                          | 17.35                          | 15.31                      | 22.86                      | 35.36                      |
| f. Financial assets                                 |                                |                                |                            |                            |                            |
| (i) Investments                                     | 0.03                           | 0.03                           | 80.03                      | 0.03                       | 0.03                       |
| (ii) Loans                                          | 486.87                         | -                              | -                          | -                          | -                          |
| (iii) Other financial assets                        | 335.04                         | 389.52                         | 546.90                     | 471.38                     | 351.44                     |
| g. Deferred tax assets (net)                        | 54.73                          | 7.95                           | 27.88                      | 3.45                       | 180.09                     |
| h. Income tax assets (net)                          | 31.80                          | 46.67                          | 44.92                      | 21.70                      | 40.26                      |
| i. Other non-current assets                         | 67.96                          | 184.59                         | 131.04                     | 226.98                     | 119.58                     |
| <b>Total non-current assets</b>                     | <b>9,258.86</b>                | <b>8,144.42</b>                | <b>8,841.51</b>            | <b>8,166.33</b>            | <b>7,935.02</b>            |
| <b>Current assets</b>                               |                                |                                |                            |                            |                            |
| a. Inventories                                      | 162.97                         | 109.64                         | 100.97                     | 159.77                     | 69.98                      |
| b. Financial assets                                 |                                |                                |                            |                            |                            |
| (i) Investments                                     | 452.23                         | 183.48                         | 102.62                     | 99.00                      | 31.86                      |
| (ii) Trade receivables                              | 500.61                         | 533.00                         | 439.65                     | 439.63                     | 349.72                     |
| (iii) Cash and cash equivalents                     | 282.18                         | 72.36                          | 56.58                      | 66.97                      | 51.34                      |
| (iv) Bank balances other than (iii) above           | 1,068.37                       | 958.72                         | 890.16                     | 905.43                     | 713.98                     |
| (v) Loans                                           | -                              | 202.17                         | 277.94                     | 240.86                     | 68.91                      |
| c. Other current assets                             | 72.50                          | 95.30                          | 103.24                     | 114.38                     | 43.15                      |
| <b>Total current assets</b>                         | <b>2,538.86</b>                | <b>2,154.67</b>                | <b>1,971.16</b>            | <b>2,026.04</b>            | <b>1,328.94</b>            |
| <b>TOTAL ASSETS</b>                                 | <b>11,797.72</b>               | <b>10,299.09</b>               | <b>10,812.67</b>           | <b>10,192.37</b>           | <b>9,263.96</b>            |
| <b>EQUITY AND LIABILITIES</b>                       |                                |                                |                            |                            |                            |
| <b>EQUITY</b>                                       |                                |                                |                            |                            |                            |
| a. Equity share capital                             | 549.03                         | 549.03                         | 549.03                     | 549.03                     | 549.03                     |
| b. Other equity                                     | 4,638.26                       | 3,742.91                       | 3,914.60                   | 3,505.00                   | 3,172.48                   |
| <b>Equity attributable to owners of the Company</b> | <b>5,187.29</b>                | <b>4,291.94</b>                | <b>4,463.63</b>            | <b>4,054.03</b>            | <b>3,721.51</b>            |
| Non-controlling interest                            | 31.42                          | 37.04                          | 20.13                      | 39.11                      | -                          |
| <b>TOTAL EQUITY</b>                                 | <b>5,218.71</b>                | <b>4,328.98</b>                | <b>4,483.76</b>            | <b>4,093.14</b>            | <b>3,721.51</b>            |
| <b>LIABILITIES</b>                                  |                                |                                |                            |                            |                            |
| <b>Non-current liabilities</b>                      |                                |                                |                            |                            |                            |

| Particulars                                                                              | As at<br>September<br>30, 2021 | As at<br>September<br>30, 2020 | As at<br>March<br>31, 2021 | As at<br>March<br>31, 2020 | As at<br>March<br>31, 2019 |
|------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|----------------------------|----------------------------|----------------------------|
| a. Financial liabilities                                                                 |                                |                                |                            |                            |                            |
| (i) Borrowings                                                                           | 272.40                         | 404.77                         | 405.20                     | 458.08                     | 497.30                     |
| (ii) Lease liabilities                                                                   | 4,826.46                       | 4,314.68                       | 4,647.74                   | 4,217.10                   | 4,071.44                   |
| b. Provisions                                                                            | 56.43                          | 55.02                          | 55.19                      | 71.06                      | 56.33                      |
| c. Deferred tax liabilities (net)                                                        | -                              | 11.50                          | -                          | 53.43                      | -                          |
| <b>Total non-current liabilities</b>                                                     | <b>5,155.29</b>                | <b>4,785.97</b>                | <b>5,108.13</b>            | <b>4,799.67</b>            | <b>4,625.07</b>            |
|                                                                                          |                                |                                |                            |                            |                            |
| <b>Current liabilities</b>                                                               |                                |                                |                            |                            |                            |
|                                                                                          |                                |                                |                            |                            |                            |
| a. Financial liabilities                                                                 |                                |                                |                            |                            |                            |
| (i) Borrowings                                                                           | 154.88                         | 77.77                          | 74.47                      | 118.72                     | 29.12                      |
| (ii) Lease liabilities                                                                   | 62.97                          | 52.56                          | 57.33                      | 108.34                     | 55.12                      |
| (iii) Trade payables                                                                     |                                |                                |                            |                            |                            |
| a) Total outstanding dues to micro enterprises and small enterprises                     | 16.09                          | 9.21                           | 0.53                       | 31.43                      | -                          |
| b) Total outstanding dues to creditor other than micro enterprises and small enterprises | 625.04                         | 482.83                         | 536.72                     | 550.31                     | 432.35                     |
| (iv) Other financial liabilities                                                         | 278.63                         | 374.18                         | 394.55                     | 344.69                     | 251.40                     |
| b. Other current liabilities                                                             | 152.15                         | 93.90                          | 94.03                      | 101.83                     | 89.85                      |
| c. Provisions                                                                            | 14.24                          | 31.21                          | 24.70                      | 7.87                       | 7.74                       |
| d. Current tax liabilities (net)                                                         | 119.72                         | 62.48                          | 38.45                      | 36.37                      | 51.80                      |
| <b>Total current liabilities</b>                                                         | <b>1,423.72</b>                | <b>1,184.14</b>                | <b>1,220.78</b>            | <b>1,299.56</b>            | <b>917.38</b>              |
|                                                                                          |                                |                                |                            |                            |                            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                                      | <b>11,797.72</b>               | <b>10,299.09</b>               | <b>10,812.67</b>           | <b>10,192.37</b>           | <b>9,263.96</b>            |

**RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS DATA**

(₹ in million)

| Particulars                                                                     | For the six months period ended September 30, 2021 | For the six months period ended September 30, 2020 | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>INCOME</b>                                                                   |                                                    |                                                    |                                   |                                   |                                   |
| Revenue from operations                                                         | 5,125.55                                           | 3,097.83                                           | 6,500.47                          | 7,193.91                          | 5,427.92                          |
| Other income                                                                    | 70.37                                              | 57.84                                              | 102.63                            | 103.46                            | 83.52                             |
| <b>Total income</b>                                                             | <b>5,195.92</b>                                    | <b>3,155.67</b>                                    | <b>6,603.10</b>                   | <b>7,297.37</b>                   | <b>5,511.44</b>                   |
| <b>EXPENSES</b>                                                                 |                                                    |                                                    |                                   |                                   |                                   |
| Medical consumables and pharmacy items consumed                                 | 1,228.84                                           | 485.94                                             | 1,032.62                          | 1,053.14                          | 802.13                            |
| Employee benefits expense                                                       | 552.09                                             | 487.51                                             | 1,020.94                          | 1,089.71                          | 857.40                            |
| Finance costs                                                                   | 253.36                                             | 200.84                                             | 440.63                            | 446.06                            | 390.24                            |
| Depreciation and amortisation expense                                           | 398.51                                             | 353.54                                             | 733.38                            | 694.11                            | 603.16                            |
| Other expenses                                                                  | 1,669.88                                           | 1,307.17                                           | 2,818.57                          | 3,080.79                          | 2,283.25                          |
| <b>Total expenses</b>                                                           | <b>4,102.68</b>                                    | <b>2,835.00</b>                                    | <b>6,046.14</b>                   | <b>6,363.81</b>                   | <b>4,936.18</b>                   |
| <b>Profit before tax</b>                                                        | <b>1,093.24</b>                                    | <b>320.67</b>                                      | <b>556.96</b>                     | <b>933.56</b>                     | <b>575.26</b>                     |
| <b>Tax expenses:</b>                                                            |                                                    |                                                    |                                   |                                   |                                   |
| (a) Current tax                                                                 | 309.35                                             | 134.85                                             | 239.12                            | 434.28                            | 179.92                            |
| (b) Deferred tax expense/(credit)                                               | (28.29)                                            | (47.33)                                            | (77.84)                           | (54.12)                           | (50.56)                           |
| <b>Total tax expense</b>                                                        | <b>281.06</b>                                      | <b>87.52</b>                                       | <b>161.28</b>                     | <b>380.16</b>                     | <b>129.36</b>                     |
| <b>Profit for the period/year</b>                                               | <b>812.18</b>                                      | <b>233.15</b>                                      | <b>395.68</b>                     | <b>553.40</b>                     | <b>445.90</b>                     |
| <b>Other comprehensive income/(loss) (OCI)</b>                                  |                                                    |                                                    |                                   |                                   |                                   |
| Items that will not be reclassified subsequently to profit or loss              |                                                    |                                                    |                                   |                                   |                                   |
| Re-measurement gain /(losses) on post-employment defined benefit plans          | 5.74                                               | 3.59                                               | 12.54                             | (1.27)                            | 5.66                              |
| Income tax relating to items that will not be reclassified to profit or loss    | (1.44)                                             | (0.90)                                             | (3.10)                            | 0.44                              | (1.98)                            |
| <b>Other comprehensive income /(loss) (OCI) for the period/year, net of tax</b> | <b>4.30</b>                                        | <b>2.69</b>                                        | <b>9.44</b>                       | <b>(0.83)</b>                     | <b>3.68</b>                       |
| <b>Total Comprehensive Income for the period/year, net of tax</b>               | <b>816.48</b>                                      | <b>235.84</b>                                      | <b>405.12</b>                     | <b>552.57</b>                     | <b>449.58</b>                     |
| <b>Profit for the period/year attributable to:</b>                              |                                                    |                                                    |                                   |                                   |                                   |
| Owners of the Company                                                           | 811.29                                             | 235.19                                             | 400.18                            | 557.29                            | 445.90                            |
| Non-controlling interests                                                       | 0.89                                               | (2.04)                                             | (4.50)                            | (3.89)                            | -                                 |
| <b>Other comprehensive income (loss) for the period/year attributable to:</b>   |                                                    |                                                    |                                   |                                   |                                   |
| Owners of the Company                                                           | 4.28                                               | 2.72                                               | 9.41                              | (0.83)                            | 3.68                              |

| Particulars                                                                                                                                         | For the six months period ended September 30, 2021 | For the six months period ended September 30, 2020 | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Non-controlling interests                                                                                                                           | 0.02                                               | (0.03)                                             | 0.03                              | -                                 | -                                 |
|                                                                                                                                                     |                                                    |                                                    |                                   |                                   |                                   |
| <b>Total comprehensive income for the period/year attributable to:</b>                                                                              |                                                    |                                                    |                                   |                                   |                                   |
| Owners of the Company                                                                                                                               | 815.57                                             | 237.91                                             | 409.59                            | 556.46                            | 449.58                            |
| Non-controlling interests                                                                                                                           | 0.91                                               | (2.07)                                             | (4.47)                            | (3.89)                            | -                                 |
|                                                                                                                                                     |                                                    |                                                    |                                   |                                   |                                   |
| <b>Earnings per share (face value of share Rs.10 each) (Non annualized for the six months period ended 30 September 2021 and 30 September 2020)</b> |                                                    |                                                    |                                   |                                   |                                   |
| - Basic (Rs)                                                                                                                                        | 8.78                                               | 2.56                                               | 4.36                              | 5.98                              | 4.83                              |
| - Diluted (Rs)                                                                                                                                      | 8.62                                               | 2.50                                               | 4.25                              | 5.92                              | 4.74                              |



# RESTATED CONSOLIDATED STATEMENT OF CASH FLOW DATA

(₹ in million)

| Particulars                                                                                                       | For the six months period ended September 30, 2021 | For the six months period ended September 30, 2020 | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Cash flows from operating activities</b>                                                                       |                                                    |                                                    |                                   |                                   |                                   |
| Profit before tax                                                                                                 | 1,093.24                                           | 320.67                                             | 556.96                            | 933.56                            | 575.26                            |
| <b>Adjustments:</b>                                                                                               |                                                    |                                                    |                                   |                                   |                                   |
| Depreciation and amortisation expense                                                                             | 398.51                                             | 353.54                                             | 733.38                            | 694.11                            | 603.16                            |
| Dividend income                                                                                                   | (0.96)                                             | (0.81)                                             | (2.64)                            | (3.96)                            | (1.42)                            |
| Unrealised foreign exchange loss, net                                                                             | 0.01                                               | -                                                  | 0.01                              | 0.01                              | 0.01                              |
| Net gain on financial assets measured at fair value through profit or loss                                        | (1.77)                                             | (0.36)                                             | (0.17)                            | -                                 | -                                 |
| Interest income on financial assets carried at amortised cost                                                     | (46.67)                                            | (51.67)                                            | (90.41)                           | (97.40)                           | (68.61)                           |
| Finance costs                                                                                                     | 253.36                                             | 200.84                                             | 440.63                            | 446.06                            | 390.24                            |
| Advances written off                                                                                              | -                                                  | -                                                  | -                                 | 0.84                              | -                                 |
| Allowances for doubtful advances                                                                                  | 6.70                                               | -                                                  | -                                 | -                                 | -                                 |
| Allowance for expected credit loss                                                                                | 16.46                                              | 29.24                                              | 27.60                             | 54.29                             | 26.86                             |
| Bad debts written off                                                                                             | 0.99                                               | -                                                  | 3.15                              | 1.79                              | 1.69                              |
| Net loss / (gain) on sale of property, plant and equipment                                                        | 0.31                                               | (0.93)                                             | (1.08)                            | (0.63)                            | (0.33)                            |
| Net gain on sale of Investment                                                                                    | (8.20)                                             | -                                                  | -                                 | -                                 | -                                 |
| Liabilities no longer required written back                                                                       | (12.77)                                            | (0.56)                                             | (3.34)                            | (0.10)                            | (13.16)                           |
|                                                                                                                   | <b>1,699.21</b>                                    | <b>849.96</b>                                      | <b>1,664.09</b>                   | <b>2,028.57</b>                   | <b>1,513.70</b>                   |
| <b>Adjustments for working capital:</b>                                                                           |                                                    |                                                    |                                   |                                   |                                   |
| (Increase) / Decrease in inventories                                                                              | (62.00)                                            | 50.13                                              | 58.80                             | (89.79)                           | (10.19)                           |
| (Increase) in trade receivables                                                                                   | (78.41)                                            | (122.61)                                           | (30.77)                           | (145.99)                          | (175.19)                          |
| Decrease / (Increase) in financial and other assets                                                               | 2.96                                               | 1.51                                               | (4.38)                            | (111.36)                          | (43.96)                           |
| Increase / (Decrease) in trade payables                                                                           | 106.60                                             | (89.60)                                            | (48.22)                           | 149.19                            | 157.53                            |
| Increase / (Decrease) in financial liabilities and provisions                                                     | 25.59                                              | 39.35                                              | 52.51                             | 74.56                             | (23.63)                           |
| <b>Cash generated from operations</b>                                                                             | <b>1,693.95</b>                                    | <b>728.74</b>                                      | <b>1,692.03</b>                   | <b>1,905.18</b>                   | <b>1,418.26</b>                   |
| Income tax paid                                                                                                   | (214.96)                                           | (133.71)                                           | (264.89)                          | (201.11)                          | (145.84)                          |
| <b>Net cash flow from operating activities (A)</b>                                                                | <b>1,478.99</b>                                    | <b>595.03</b>                                      | <b>1,427.14</b>                   | <b>1,704.07</b>                   | <b>1,272.42</b>                   |
| <b>Cash flows from investing activities</b>                                                                       |                                                    |                                                    |                                   |                                   |                                   |
| Purchase of property, plant and equipment and intangibles including capital advances and capital work-in-progress | (263.26)                                           | (311.60)                                           | (761.03)                          | (745.11)                          | (874.85)                          |
| Proceeds from sale of property, plant and equipment                                                               | 0.57                                               | 1.64                                               | 2.25                              | 1.30                              | 19.10                             |
| Bank deposits (placed) / matured with maturity of more than three months, net                                     | (151.53)                                           | 61.89                                              | (45.21)                           | (283.41)                          | (312.73)                          |

| Particulars                                                                                                                                                                                                                           | For the six months period ended September 30, 2021 | For the six months period ended September 30, 2020 | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Interest received                                                                                                                                                                                                                     | 15.67                                              | 22.58                                              | 74.97                             | 77.82                             | 53.22                             |
| Dividend received                                                                                                                                                                                                                     | 0.96                                               | 0.81                                               | 2.64                              | 3.96                              | 1.42                              |
| Investment in mutual funds placed, net                                                                                                                                                                                                | (347.84)                                           | (84.12)                                            | (3.62)                            | (67.14)                           | (30.54)                           |
| Proceeds from sale/(investments) in unquoted equity instruments                                                                                                                                                                       | 88.20                                              | -                                                  | (80.00)                           | -                                 | -                                 |
| Inter-corporate deposit placed during the period / year                                                                                                                                                                               | (197.13)                                           | (34.79)                                            | (221.75)                          | (612.58)                          | (126.40)                          |
| Inter-corporate deposit realised during the period / year                                                                                                                                                                             | 3.96                                               | 84.26                                              | 202.95                            | 454.85                            | 114.09                            |
| Purchase consideration paid for investment in subsidiary                                                                                                                                                                              | -                                                  | -                                                  | -                                 | -                                 | (12.20)                           |
| <b>Net cash used in investing activities (B)</b>                                                                                                                                                                                      | <b>(850.40)</b>                                    | <b>(259.33)</b>                                    | <b>(828.80)</b>                   | <b>(1,170.31)</b>                 | <b>(1,168.89)</b>                 |
| <b>Cash flows from financing activities</b>                                                                                                                                                                                           |                                                    |                                                    |                                   |                                   |                                   |
| Proceeds from long-term borrowings                                                                                                                                                                                                    | -                                                  | -                                                  | -                                 | 12.80                             | 372.72                            |
| Repayment of long-term borrowings                                                                                                                                                                                                     | (51.79)                                            | (51.43)                                            | (52.57)                           | (5.92)                            | -                                 |
| Repayment of lease liability (including related interest)                                                                                                                                                                             | (247.20)                                           | (209.57)                                           | (445.04)                          | (393.14)                          | (372.71)                          |
| Interest paid                                                                                                                                                                                                                         | (22.47)                                            | (27.17)                                            | (52.48)                           | (49.72)                           | (8.23)                            |
| Dividend paid during the period/year on equity and preference shares, including taxes                                                                                                                                                 | (92.48)                                            | -                                                  | -                                 | (167.29)                          | (55.74)                           |
| Proceeds from / (repayments of) short-term borrowings, (net)                                                                                                                                                                          | -                                                  | (42.14)                                            | (42.14)                           | 42.14                             | (22.96)                           |
| Net consideration received on dilution of investment in subsidiaries                                                                                                                                                                  | 10.95                                              | -                                                  | -                                 | 43.00                             | -                                 |
| Net consideration paid for acquisition of shares in subsidiaries                                                                                                                                                                      | -                                                  | -                                                  | (16.50)                           | -                                 | -                                 |
| <b>Net cash used in financing activities (C)</b>                                                                                                                                                                                      | <b>(402.99)</b>                                    | <b>(330.31)</b>                                    | <b>(608.73)</b>                   | <b>(518.13)</b>                   | <b>(86.92)</b>                    |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>                                                                                                                                                                   | <b>225.60</b>                                      | <b>5.39</b>                                        | <b>(10.39)</b>                    | <b>15.63</b>                      | <b>16.61</b>                      |
| Cash and cash equivalents at the beginning of the period/year                                                                                                                                                                         | 56.58                                              | 66.97                                              | 66.97                             | 51.34                             | 34.73                             |
| <b>Cash and cash equivalents at the end of the period/year</b>                                                                                                                                                                        | <b>282.18</b>                                      | <b>72.36</b>                                       | <b>56.58</b>                      | <b>66.97</b>                      | <b>51.34</b>                      |
| <b>Components of cash and cash equivalents</b>                                                                                                                                                                                        |                                                    |                                                    |                                   |                                   |                                   |
| Cash on hand                                                                                                                                                                                                                          | 7.38                                               | 5.16                                               | 4.36                              | 2.78                              | 7.12                              |
| Balance with banks:                                                                                                                                                                                                                   |                                                    |                                                    |                                   |                                   |                                   |
| - Current accounts                                                                                                                                                                                                                    | 274.80                                             | 67.20                                              | 52.22                             | 64.19                             | 44.22                             |
|                                                                                                                                                                                                                                       | <b>282.18</b>                                      | <b>72.36</b>                                       | <b>56.58</b>                      | <b>66.97</b>                      | <b>51.34</b>                      |
| <b>Reconciliation between opening and closing balances in the Balance sheet for liabilities and financial assets arising from financing activities for movement in Restated Consolidated Statement of Cash Flows are given below.</b> |                                                    |                                                    |                                   |                                   |                                   |
|                                                                                                                                                                                                                                       |                                                    |                                                    |                                   |                                   |                                   |

| Particulars                                 | For the six months period ended September 30, 2021 | For the six months period ended September 30, 2020 | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---------------------------------------------|----------------------------------------------------|----------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Opening balance:</b>                     |                                                    |                                                    |                                   |                                   |                                   |
| Borrowings                                  | 458.83                                             | 553.54                                             | 553.54                            | 504.52                            | 130.82                            |
| Lease liability                             | 4,705.07                                           | 4,325.44                                           | 4,325.44                          | 4,126.56                          | 3,493.63                          |
|                                             |                                                    |                                                    |                                   |                                   |                                   |
| <b>Movement:</b>                            |                                                    |                                                    |                                   |                                   |                                   |
| <b>Borrowings:</b>                          |                                                    |                                                    |                                   |                                   |                                   |
| On account of acquisition of subsidiary     | -                                                  | -                                                  | -                                 | -                                 | 23.94                             |
| Proceeds from borrowings                    | -                                                  | -                                                  | -                                 | 54.94                             | 372.72                            |
| Repayment of borrowings                     | (51.79)                                            | (93.57)                                            | (94.71)                           | (5.92)                            | (22.96)                           |
|                                             |                                                    |                                                    |                                   |                                   |                                   |
| <b>Lease liability:</b>                     |                                                    |                                                    |                                   |                                   |                                   |
| Interest expense on lease liabilities       | 231.49                                             | 174.36                                             | 385.94                            | 394.98                            | 362.66                            |
| Addition / (disposals) to lease liabilities | (47.13)                                            | (132.56)                                           | (6.31)                            | (196.10)                          | 270.27                            |
|                                             |                                                    |                                                    |                                   |                                   |                                   |
| <b>Closing balance</b>                      |                                                    |                                                    |                                   |                                   |                                   |
| Borrowings                                  | 407.04                                             | 459.97                                             | 458.83                            | 553.54                            | 504.52                            |
| Lease liability                             | 4,889.43                                           | 4,367.24                                           | 4,705.07                          | 4,325.44                          | 4,126.56                          |

## GENERAL INFORMATION

Our Company was incorporated on August 7, 1998 as ‘Rainbow Children’s Medicare Private Limited’ under the Companies Act, 1956 pursuant to a certificate of incorporation dated August 7, 1998 issued by the RoC. Subsequently, our Company was converted into a public limited company and pursuant to a resolution of our Board dated October 22, 2021 and a resolution of our Shareholders dated November 3, 2021, our name was changed from ‘Rainbow Children’s Medicare Private Limited’ to ‘Rainbow Children’s Medicare Limited’ and a fresh certificate of incorporation under the Companies Act, 2013 was issued upon a change in name by the RoC on November 20, 2021.

### Registered Office

#### Rainbow Children’s Medicare Limited

8-2-120/103/1, Survey No. 403  
Road No. 2, Banjara Hills  
Hyderabad – 500 034, Telangana

For details of change in the registered office of our Company, see “*History and Certain Corporate Matters*” on page 215.

### Corporate Office

#### Rainbow Children’s Medicare Limited

8-2-19/1/A, Daulet Arcade,  
Road No. 11,  
Banjara Hills  
Hyderabad – 500 034, Telangana

### Corporate identity number and registration number

Corporate Identity Number: U85110TG1998PLC029914  
Registration Number: 029914

### Address of the RoC

#### Registrar of Companies

Telangana at Hyderabad  
Corporate Bhawan, 2<sup>nd</sup> floor  
GSI Post, Thattianaram  
Bandlaguda, Nagole  
Hyderabad – 500 068, Telangana

### Our Board

Our Board comprises the following Directors as on the date of filing of this Draft Red Herring Prospectus:

| Name                    | Designation                    | DIN      | Address                                                                                                                                              |
|-------------------------|--------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dr. Ramesh Kancharla    | Chairman and Managing Director | 00212270 | Plot No. 41, Road No. 7, Film Nagar Phase 2, Jubilee Hills, Shaikpet, Hyderabad – 500 033, Telangana                                                 |
| Dr. Dinesh Kumar Chirla | Whole-time Director            | 01395841 | Khajaguda Village, Villa 38 Nanakramguda Road Lalitha Bloom Field Near Oakridge International School Serilingampally, Hyderabad – 500 008, Telangana |
| Aluri Srinivasa Rao     | Independent                    | 00147058 | Aparna Shangrila, Villa 13,                                                                                                                          |

| Name                        | Designation          | DIN      | Address                                                                                                                                                     |
|-----------------------------|----------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                             | Director             |          | Gowlidoddi, Gachibowli, Hyderabad – 500 032, Telangana                                                                                                      |
| Dr. Anil Dhawan             | Independent Director | 08191702 | 7 Hitherwood Drive Norwood, London – SE191XA, United Kingdom                                                                                                |
| Sundari Raviprasad Pisupati | Independent Director | 01908852 | H.No: 14, Vasantha Valley, Phase II, Whitefields Kondapur, Rangareddy – 500 084, Telangana                                                                  |
| Santanu Mukherjee           | Independent Director | 07716452 | Flat No. 303, 3 <sup>rd</sup> Floor, E-Tower, My Home Abhra, Opposite Inorbit Mall, Raidurg Sherlingampally, Gachibowli, K.v. Rangareddy 500032, Telangana. |

For further details of our Directors, see “*Our Management*” on page 227.

### **Company Secretary and Compliance Officer**

#### **Ashish Kapil**

8-2-120/103/1, Survey No. 403  
Road No. 2, Banjara Hills  
Hyderabad – 500 034, Telangana  
**Telephone:** + 91 40 49692244  
**E-mail:** companysecretary@rainbowhospitals.com

### **Investor Grievances**

**Investors can contact our Company Secretary and Compliance Officer, the Book Running Lead Managers or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode.**

All Offer related grievances, other than that of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder’s DP ID, Client ID, UPI ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than RIBs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs using the UPI Mechanism.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

All Offer-related grievances of the Anchor Investors may be addressed to the Registrar, giving full details such as the name of the sole or First Bidder, Anchor Investor Application Form number, Bidders’ DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

## **Book Running Lead Managers**

### **Kotak Mahindra Capital Company Limited**

27 BKC, 1st Floor, Plot No. C – 27  
“G” Block, Bandra Kurla Complex  
Bandra (East), Mumbai 400051  
Maharashtra, India.  
**Telephone:** +91 (22) 4336 0000  
**E-mail:** rainbow.ipo@kotak.com  
**Website:** <http://investmentbank.kotak.com>  
**Investor Grievance ID:** kmccredressal@kotak.com  
**Contact Person:** Ganesh Rane  
**SEBI Registration Number:** INM000008704

### **J.P. Morgan India Private Limited**

J.P. Morgan Towers  
Off CST Road, Kalina, Santacruz East  
Mumbai 400 098  
Maharashtra, India  
**Telephone:** +91 (22) 6157 3000  
**E-mail:** RAINBOW\_IPO@jpmorgan.com  
**Website:** [www.jpml.com](http://www.jpml.com)  
**Investor Grievance ID:**  
investorsmb.jpml@jpmorgan.com  
**Contact Person:** Saarthak K Soni  
**SEBI Registration Number:** INM000002970

### **IIFL Securities Limited**

10th Floor, IIFL Centre, Kamala City, Senapati Bapat  
Marg  
Lower Parel (West)  
Mumbai 400 013  
Maharashtra, India  
**Telephone:** +91 (22) 4646 4600  
**E-mail:** rainbow.ipo@iiflcap.com  
**Website:** [www.iiflcap.com](http://www.iiflcap.com)  
**Investor Grievance ID:** ig.ib@iiflcap.com  
**Contact Person:** Shirish Chikalge/Dhruv Bhagwat  
**SEBI Registration Number:** INM000010940

## **Legal Counsel to our Company as to Indian law**

### **AZB & Partners**

AZB House,  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai 400 013  
**Telephone:** +91 (22) 6639 6880

## **Legal Counsel to the Book Running Lead Managers as to Indian law**

### **Cyril Amarchand Mangaldas**

5<sup>th</sup> Floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Mumbai 400 013  
**Telephone:** + 91 (22) 2496 4455

## **International Legal Counsel to the Book Running Lead Managers**

### **Sidley Austin LLP**

Level 31  
Six Battery Road  
Singapore 049909  
**Telephone:** + (65) 6230 3900

## **Legal Counsel to the Promoter Selling Shareholders as to Indian law**

### **Jerome Merchant + Partners**

Free Press House  
#83 8<sup>th</sup> Floor  
Nariman Point, Mumbai 400021  
India  
**Telephone:** +91 22 3072 2426

#### **Legal Counsel to the Investor Selling Shareholders as to Indian law**

##### **Quillon Partners**

902, Tower B, Peninsula Business Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai 400 013  
**Telephone:** +91 (22) 6111 1900

#### **Auditors to our Company**

##### **B S R & Associates LLP, Chartered Accountants**

Salarpuria Knowledge City, Orwell  
B Wing, 6<sup>th</sup> Floor  
Unit-3, Sy. No. 83/1, Plot No. 2  
Raidurg, Hyderabad – 500 081  
Telangana, India  
**E-mail:** hmaheshwari@bsraffiliates.com  
**Telephone:** +91 (40) 6111 6000  
**Firm registration number:** 116231W / W - 100024  
**Peer review number:** 011719

#### **Changes in the auditors**

There has been no change in our Statutory Auditors in the three years immediately preceding the date of this Draft Red Herring Prospectus.

#### **Registrar to the Offer**

##### **KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

Selenium, Tower-B  
Plot No- 31 and 32, Financial District  
Nanakramguda, Serilingampally  
Hyderabad, Rangareddi 500 032  
Telangana, India  
**Telephone:** +91 40 6716 2222  
**Toll Free No.:** 1800 309 4001  
**E-mail:** rcml.ipo@kfintech.com  
**Website:** www.kfintech.com  
**Investor Grievance ID:** einward.ris@kfintech.com  
**Contact Person:** M Murali Krishna  
**SEBI Registration Number.:** INR000000221

#### **Syndicate Members**

[•]

#### **Escrow Collection Bank**

[•]

#### **Public Offer Bank**

[•]

## **Refund Bank**

[•]

## **Sponsor Bank**

[•]

## **Bankers to our Company**

### **Bank of Baroda**

8-2-596/5, Road No.10

Banjarahills

Hyderabad - 500034

**Telephone:** +91 040 2342 1643

**Email:** pbbhyd@bankofbaroda.co.in

**Website:** www.bankofbaroda.com

**Contact person:** Mr. Giridhar Kadgaonkar

### **Axis Bank Ltd.**

Plot No: 19-111, Road No. 71

Opp Bharatiya Vidya Bhavan Public School

Jubilee Hills

Hyderabad - 500034

**Telephone:** +91 8142200301

**Email:** Jubileehills.Branchhead@Axisbank.com

**Website:** www.axisbank.com

**Contact person:** Mr. G. Mahesh

### **HDFC Bank Ltd.**

6-3-248/1/1/A, Ground Floor

Bhaskar Plaza, Road no 1

Banjara Hills

Hyderabad - 500034

**Telephone:** +91 9391033720

**Email:** archana.maddi@hdfcbank.com

**Website:** www.hdfcbank.com

**Contact person:** Mrs. Archana Maddi

## **Designated Intermediaries**

### **Self-Certified Syndicate Banks**

The list of SCSBs notified by SEBI for the ASBA process is available at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, or at such other website as may be prescribed by SEBI from time to time.

A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RIB using the UPI Mechanism), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>, or at such other websites as may be prescribed by SEBI from time to time.

### **SCSBs and mobile applications enabled for UPI Mechanism**

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>) respectively, as updated from time to time.

### **Syndicate SCSB Branches**

In relation to Bids (other than Bids by Anchor Investor and RIBs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time or any other website prescribed by SEBI from time to time. For more information on such branches



collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> as updated from time to time or any other website prescribed by SEBI from time to time.

### Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stock broker network of the stock exchange, i.e. through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/> and <https://www.nseindia.com/>, as updated from time to time.

### RTAs

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?> and [https://www1.nseindia.com/content/ipo/ipo\\_asba\\_procedures.htm](https://www1.nseindia.com/content/ipo/ipo_asba_procedures.htm), as updated from time to time.

### Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the website of the Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?> and [http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), as updated from time to time.

### Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated December 24, 2021 from B S R & Associates LLP, Chartered Accountants to include their name as required under the Companies Act, 2013, read with the SEBI ICDR Regulations, in this DRHP, and as an “expert”, as defined under section 2(38) of the Companies Act, 2013, to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated December 23, 2021 on our Restated Financial Statements; and (ii) their report dated December 24, 2021 on the Statement of Special Tax Benefits, included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

In addition, our Company has received written consent dated December 24, 2021 from Madhu Mantri and Associates, Chartered Accountants, to include its name as an independent chartered accountant under the Companies Act and as an “expert” as defined under Section 2(38) of the Companies Act, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

### Monitoring Agency

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company will appoint a monitoring agency to monitor utilisation of the Net Proceeds prior to the filing of the Red Herring Prospectus with the RoC. The requisite details shall be included in the Red Herring Prospectus. For further details in relation to proposed utilisation of Net Proceeds, see “*Objects of the Offer*” on page 112.

### Statement of Responsibility of the Book Running Lead Managers

The following table sets forth the inter-se allocation of responsibilities for various activities among the BRLMs:

| S. No. | Activity                                                                                                                                                                                                                                                                                                                                                                                                                              | Responsibility           | Coordinator |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------|
| 1.     | Due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of this Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing | Kotak, IIFL, J.P. Morgan | Kotak       |
| 2.     | Capital structuring with the relative components and formalities such as type of instruments, size of issue, allocation between primary and secondary, etc.                                                                                                                                                                                                                                                                           | Kotak, IIFL, J.P. Morgan | Kotak       |

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                          |             |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------|
| 3.  | Drafting and approval of all statutory advertisement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Kotak, IIFL, J.P. Morgan | Kotak       |
| 4.  | Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Kotak, IIFL, J.P. Morgan | J.P. Morgan |
| 5.  | Appointment of intermediaries - Registrar to the Offer, advertising agency, Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Kotak, IIFL, J.P. Morgan | IIFL        |
| 6.  | Preparation of road show presentation and frequently asked questions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Kotak, IIFL, J.P. Morgan | J.P. Morgan |
| 7.  | International institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>marketing strategy;</li> <li>Finalizing the list and division of investors for one-to-one meetings; and</li> <li>Finalizing road show and investor meeting schedule</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Kotak, IIFL, J.P. Morgan | J.P. Morgan |
| 8.  | Domestic institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>marketing strategy;</li> <li>Finalizing the list and division of investors for one-to-one meetings; and</li> <li>Finalizing road show and investor meeting schedule</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Kotak, IIFL, J.P. Morgan | Kotak       |
| 9.  | Non-institutional and retail marketing of the Offer, which will cover, inter alia, <ul style="list-style-type: none"> <li>Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows;</li> <li>Finalising centres for holding conferences for brokers, etc.;</li> <li>Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and</li> <li>Finalising collection centres</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Kotak, IIFL, J.P. Morgan | IIFL        |
| 10. | Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Kotak, IIFL, J.P. Morgan | IIFL        |
| 11. | Managing the book and finalization of pricing in consultation with the Company and Selling Shareholder                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Kotak, IIFL, J.P. Morgan | J.P. Morgan |
| 12. | Post bidding activities including management of escrow accounts, coordinate non- institutional allocation, coordination with Registrar, SCSBs, Sponsor Banks and other Bankers to the Offer, intimation of allocation and dispatch of refund to Bidders, etc. Other post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable.<br>Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer | Kotak, IIFL, J.P. Morgan | IIFL        |

### Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

## **IPO Grading**

No credit rating agency registered with the SEBI has been appointed in respect of obtaining grading for the Offer.

## **Debenture Trustees**

As this is an offer of Equity Shares, no debenture trustee has been appointed for the Offer.

## **Green Shoe Option**

No green shoe option is contemplated under the Offer.

## **Appraising Agency**

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any agency.

## **Filing**

A copy of this Draft Red Herring Prospectus has been filed through the SEBI Intermediary Portal at <https://siportal.sebi.gov.in/intermediary/index.html>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and has been emailed to SEBI at [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in), in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to “Easing of Operational Procedure –Division of Issues and Listing –CFD.”

A copy of the Red Herring Prospectus, along with the material documents and contracts required to be filed, will be filed with the RoC in accordance with Section 32 of the Companies Act and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, will be filed with the RoC situated at Registrar of Companies, Telangana at Hyderabad, and through the electronic portal at <http://www.mca.gov.in/mcafoportal/loginvalidateuser.do>.

## **Book Building Process**

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms (and the Revision Forms) within the Price Band, which will be decided by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, and will be advertised in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●] and Telugu national daily newspaper [●] (Telugu being the regional language of Telangana where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders in consultation with the BRLMs after the Bid/Offer Closing Date. For further details, see “Offer Procedure” on page 407.

**All Bidders, except RIBs and Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs. In addition to this, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. RIBs Bidding in the Retail Portion and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Except for Allocation to RIBs and the Anchor Investors, Allocation in the Offer will be on a proportionate basis. Allocation to the Anchor Investors will be on a discretionary basis.**

**Each Bidder by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.**

**The Book Building Process under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and Bidders are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.**

Bidders should note that the Offer is also subject to obtaining (i) final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment within six Working Days of the Bid/Offer Closing Date or such other time period as prescribed under applicable law.

For further details on the method and procedure for Bidding, see “Offer Structure” and “Offer Procedure” on pages 402 and 407 respectively.

#### **Illustration of Book Building Process and Price Discovery Process**

For an illustration of the Book Building Process and the price discovery process, see “Terms of the Offer” and “Offer Procedure” on pages 396 and 407, respectively.

#### **Underwriting Agreement**

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be completed before filing the Prospectus with the RoC)*

| <b>Name, address, telephone number and e-mail address of the Underwriters</b> | <b>Indicative number of Equity Shares to be underwritten</b> | <b>Amount Underwritten (₹ in million)</b> |
|-------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------|
| [●]                                                                           | [●]                                                          | [●]                                       |

The above-mentioned is indicative underwriting and will be finalised after determination of Offer Price and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to filing the Prospectus with the RoC. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

## CAPITAL STRUCTURE

The share capital of our Company as on date of this Draft Red Herring Prospectus is set forth below:  
(in ₹, except share data)

|          | Particulars                                                                                                        | Aggregate nominal value | Aggregate value at Offer Price* |
|----------|--------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|
| <b>A</b> | <b>AUTHORIZED SHARE CAPITAL<sup>(1)</sup></b>                                                                      |                         |                                 |
|          | 139,055,616 Equity Shares                                                                                          | 1,390,556,160           |                                 |
|          | 1,146,771 Series A 0.0001% Compulsorily Convertible Preference Shares (“Series A CCPS”) of face value of ₹ 48 each | 55,045,008              |                                 |
|          | 1,133,309 Series B 0.0001% Compulsorily Convertible Preference Shares (“Series B CCPS”) of face value of ₹ 48 each | 54,398,832              |                                 |
|          | <b>TOTAL</b>                                                                                                       | <b>1,500,000,000</b>    |                                 |
| <b>B</b> | <b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER, PRIOR TO CONVERSION OF THE PREFERENCE SHARES</b>       |                         |                                 |
|          | 94,053,928 Equity Shares                                                                                           | 940,539,280             | [●]                             |
|          | 1,146,771 Series A CCPS of face value of ₹ 48 each                                                                 | 55,045,008              | [●]                             |
|          | 1,133,309 Series B CCPS of face value of ₹ 48 each                                                                 | 54,398,832              | [●]                             |
|          | <b>TOTAL</b>                                                                                                       | <b>1,049,983,120</b>    | [●]                             |
| <b>C</b> | <b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER (UPON CONVERSION OF PREFERENCE SHARES)<sup>^</sup></b>  |                         |                                 |
|          | 96,334,008 Equity Shares                                                                                           | 963,340,080             | [●]                             |
| <b>D</b> | <b>PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>                                                 |                         |                                 |
|          | Offer of up to [●] Equity Shares aggregating up to ₹ [●] million <sup>(2)(3)</sup>                                 | [●]                     | [●]                             |
|          | <i>of which</i>                                                                                                    |                         |                                 |
|          | Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 2,800 million <sup>(2)</sup>                            | [●]                     | [●]                             |
|          | Offer for Sale of up to 24,000,900 Equity Shares aggregating up to ₹ [●] million <sup>(3)</sup>                    | [●]                     | [●]                             |
|          | <i>which includes:</i>                                                                                             |                         |                                 |
|          | Employee Reservation Portion of up to 300,000 Equity Shares aggregating up to ₹ [●] million                        | [●]                     | [●]                             |
|          | Net Offer of up to [●] Equity Shares aggregating up to ₹ [●] million                                               | [●]                     | [●]                             |
| <b>E</b> | <b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER</b>                                                      |                         |                                 |
|          | [●] Equity Shares*                                                                                                 | [●]                     | [●]                             |
| <b>E</b> | <b>SECURITIES PREMIUM ACCOUNT</b>                                                                                  |                         |                                 |
|          | Before the Offer (in ₹ million)                                                                                    |                         | 1,282.39                        |
|          | After the Offer (in ₹ million)                                                                                     |                         | [●]                             |

\*To be updated upon finalization of the Offer Price.

(1) For details in relation to the changes in the authorized share capital of our Company, see “History and Certain Corporate Matters- Amendments to our Memorandum of Association in the last 10 years” on page 215.

<sup>^</sup> 1,146,771 Series A CCPS held by CDC Group and 1,133,309 Series B CCPS held by CDC India, will be

converted into 1,146,771 Equity Shares and 1,133,309 Equity Shares respectively, prior to filing of the Red Herring Prospectus with the RoC.

- (2) The Offer has been authorized by our Board pursuant to resolutions passed at its meeting held on December 9, 2021 and the Fresh Issue has been authorized by our Shareholders pursuant to a special resolution passed on December 13, 2021.
- (3) Each of the Selling Shareholders, severally and not jointly, confirms that their respective portion of the Offered Shares have been held by such Selling Shareholder in accordance with applicable law and are eligible for the Offer for Sale in accordance with the provisions of the SEBI ICDR Regulations. Our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to a resolution at its meeting held on December 23, 2021. For details on the confirmation and authorization of each of the Selling Shareholders for their participation in the Offer for Sale, see "Other Regulatory and Statutory Disclosures – Authority for the Offer" on page 381.

## Notes to the Capital Structure

### 1. Share capital history of our Company

#### (a) Equity Share capital:

The history of the Equity Share capital of our Company is set forth in the table below:

| Date of allotment | Number of Equity Shares allotted | Face value (₹) | Issue price (₹) | Reason/Nature of allotment                     | Nature of consideration | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|-------------------|----------------------------------|----------------|-----------------|------------------------------------------------|-------------------------|------------------------------------|---------------------------------------------|
| August 7, 1998    | 300                              | 10.00          | 10.00           | Initial subscription to the MoA <sup>(1)</sup> | Cash                    | 300                                | 3,000                                       |
| March 31, 2002    | 1,387,600                        | 10.00          | 10.00           | Further Issue <sup>(2)</sup>                   | Cash                    | 1,387,900                          | 13,879,000                                  |
| March 28, 2008    | 4,437,100                        | 10.00          | 10.00           | Further Issue <sup>(3)</sup>                   | Cash                    | 5,825,000                          | 58,250,000                                  |
| June 28, 2008     | 1,387,900                        | 10.00          | -               | Bonus Issue <sup>(4)</sup>                     | N.A.                    | 7,212,900                          | 72,129,000                                  |
| January 22, 2009  | 670,000                          | 10.00          | 10.00           | Further Issue <sup>(5)</sup>                   | Cash                    | 7,882,900                          | 78,829,000                                  |
| March 31, 2011    | 250,000                          | 10.00          | 20.00           | Further Issue <sup>(6)</sup>                   | Cash                    | 8,132,900                          | 81,329,000                                  |
| August 13, 2013   | 1,146,771                        | 10.00          | 436.01          | Further Issue <sup>(7)</sup>                   | Cash                    | 9,279,671                          | 92,796,710                                  |
| January 23, 2018  | 34,679,253                       | 10.00          | -               | Bonus Issue <sup>(8)</sup>                     | N.A.                    | 43,958,924                         | 439,589,240                                 |
| October 22, 2021  | 1,928,000                        | 10.00          | 140.00          | Rights Issue <sup>(9)</sup>                    | Cash                    | 45,886,924                         | 458,869,240                                 |
| December 1, 2021  | 48,167,004                       | 10.00          | -               | Bonus Issue <sup>(10)</sup>                    | N.A.                    | 94,053,928                         | 940,539,280                                 |

<sup>(1)</sup> Allotment of 100 Equity Shares each to Dr. Ramesh Kancharla, Dr. Prasad S.V. Vankayalapati and Mr. D. Suresh.

<sup>(2)</sup> Allotment of 312,100 Equity Shares to Dr. Prasad S.V. Vankayalapati, 286,200 Equity Shares to Dr. Ramesh Kancharla, 130,800 Equity Shares to Mr. Devineni Suresh, 285,000 Equity Shares to Dr. K. Ravindranath and 373,500 Equity Shares to Mr. D.V. Naidu.

<sup>(3)</sup> Allotment of 2,937,100 Equity Shares to Dr. Ramesh Kancharla, 750,000 Equity Shares to Dr. Dinesh Kumar Chirla, 450,000 Equity Shares to Ms. Padma Kancharla, 100,000 Equity Shares to Dr. A. Venkata Lakshmi, 50,000 Equity Shares to Dr. Farhan AR Shaik, 50,000 Equity Shares to Dr. Mehul A Shah and 100,000 Equity Shares to Dr. Poddutoor Preetham Kumar.

<sup>(4)</sup> Bonus issue in the ratio of one new Equity Share for every one Equity Share held, as authorised by our Shareholders through a resolution passed in the EGM dated April 15, 2008.

- (5) Allotment of 320,000 Equity Shares to Dr. Ramesh Kancharla and 350,000 Equity Shares to Dr. Dinesh Kumar Chirla.
- (6) Allotment of 50,000 Equity Shares to Dr. Ramesh Kancharla, 100,000 Equity Shares to Dr. Dinesh Kumar Chirla, 50,000 Equity Shares to Dr. Poddutoor Preetham Kumar and 50,000 Equity Shares to Dr. Maddirala Pranathi Subrahmaniyam.
- (7) Allotment of 1,146,771 Equity Shares to CDC Group.
- (8) Bonus issue in the ratio of three new Equity Shares for every one Equity Share and every one Preference Share held, as authorised by our Shareholders through a resolution passed in the EGM dated December 4, 2017.
- (9) Allotment of 1,928,000 Equity Shares to Dr. Ramesh Kancharla (where 834,562 equity shares were offered to Dr. Ramesh Kancharla and 10,93,438 Equity Shares were renounced by remaining shareholders in favour of Dr. Ramesh Kancharla in the rights issue).
- (10) Bonus issue in the ratio of one new Equity Share for every one Equity Share and every one Preference Share held, as authorised by our Shareholders through a resolution passed in the EGM dated November 30, 2021.

(b) Preference Share capital:

The history of the Preference Share capital of our Company is set forth in the table below:

| Date of Allotment    | No. of Preference Shares allotted | Face value (₹) | Issue price (₹) | Reason/Nature of allotment   | Form of consideration | Cumulative number of Preference Shares | Cumulative paid-up Preference Share capital (₹) |
|----------------------|-----------------------------------|----------------|-----------------|------------------------------|-----------------------|----------------------------------------|-------------------------------------------------|
| <b>Series A CCPS</b> |                                   |                |                 |                              |                       |                                        |                                                 |
| August 13, 2013      | 1,146,771                         | 48.00          | 436.01          | Further Issue <sup>(1)</sup> | Cash                  | 1,146,771                              | 55,045,008                                      |
| <b>Series B CCPS</b> |                                   |                |                 |                              |                       |                                        |                                                 |
| February 4, 2016     | 1,133,309                         | 48.00          | 882.37          | Further Issue <sup>(2)</sup> | Cash                  | 1,133,309                              | 54,398,832                                      |

<sup>(1)</sup> Allotment of 1,146,771 Series A CCPS to CDC Group.

<sup>(2)</sup> Allotment of 1,133,309 Series B CCPS to CDC India.

2. **Issue of Equity Shares at price lower than the Offer Price in the last year**

Except as disclosed below, our Company has not issued any Equity Shares in the last one year immediately preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Offer Price:

| Date of Allotment | No. of Equity Shares allotted | Face value (₹) | Offer Price (₹) | Reason/Nature of allotment  | Nature of consideration |
|-------------------|-------------------------------|----------------|-----------------|-----------------------------|-------------------------|
| October 22, 2021  | 1,928,000                     | 10.00          | 140.00          | Rights Issue <sup>(1)</sup> | Cash                    |
| December 1, 2021  | 48,167,004                    | 10.00          | -               | Bonus Issue <sup>(2)</sup>  | N.A.                    |

<sup>(1)</sup> Allotment of 1,928,000 Equity Shares to Dr. Ramesh Kancharla (where 834,562 Equity Shares were offered to Dr. Ramesh Kancharla and 10,93,438 Equity Shares were renounced by remaining shareholders in favour of Dr. Ramesh Kancharla in the rights issue).

<sup>(2)</sup> Bonus issue in the ratio of one new Equity Share for every one Equity Share and every one Preference Share held, as authorised by our Shareholders through a resolution passed in the EGM dated November 30, 2021.

3. **Equity Shares issued for consideration other than cash or out of revaluation reserves:**

- (a) Our Company has not issued any Equity Shares out of revaluation of reserves since its incorporation.

- (b) Our Company has not issued any Equity Shares for consideration other than cash.
- 4. Our Company has not issued or allotted any Equity Shares pursuant to any schemes of arrangement approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013, as applicable.
- 5. ***Equity shares issued pursuant to employee stock option schemes***  
Our Company has not issued equity shares pursuant to the ESOP Scheme.



6. **Shareholding pattern of our Company**

The table below presents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus\*.

| Category | Category of shareholder     | Number of shareholders (III) | Number of fully paid up equity shares held | Number of partly paid-up equity shares held | Number of shares underlying depository receipts | Total number of shares held | Shareholding as a % of total number of shares (calculated as per SCRR, 1957) | Number of voting rights held in each class of securities |       |                         | Number of shares underlying outstanding convertible securities (including warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of locked in shares |                                 | Number of shares pledged or otherwise encumbered |                                 | Number of equity shares held in dematerialized form |
|----------|-----------------------------|------------------------------|--------------------------------------------|---------------------------------------------|-------------------------------------------------|-----------------------------|------------------------------------------------------------------------------|----------------------------------------------------------|-------|-------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------------|--------------------------------------------------|---------------------------------|-----------------------------------------------------|
| (I)      | (II)                        |                              | (IV)                                       | (V)                                         | (VI)                                            | (VII) = (IV) + (V) + (VI)   | (VIII) As a % of (A+B+C2)                                                    | (IX)                                                     |       |                         | (X)                                                                                 | (XI) = (VII) + (X) As a % of (A+B+C2)                                                                              | (XII)                      |                                 | (XIII)                                           |                                 | (XIV)                                               |
|          |                             |                              |                                            |                                             |                                                 |                             |                                                                              | Number of voting rights                                  |       | Total as a % of (A+B+C) |                                                                                     |                                                                                                                    | Number (a)                 | As a % of total shares held (b) | Number (a)                                       | As a % of total shares held (b) |                                                     |
|          |                             |                              |                                            |                                             |                                                 |                             |                                                                              | Equity                                                   | Total |                         |                                                                                     |                                                                                                                    |                            |                                 |                                                  |                                 |                                                     |
| (A)      | Promoter and Promoter Group | 8                            | 59,912,384                                 | -                                           | -                                               | 59,912,384                  | 63.70                                                                        | 59,912,384                                               | 63.70 | 63.70                   | -                                                                                   | 62.19                                                                                                              | -                          | -                               | -                                                | -                               | 59,912,384                                          |
| (B)      | Public                      | 138                          | 34,141,544                                 | -                                           | -                                               | 34,141,544                  | 36.30                                                                        | 34,141,544                                               | 36.30 | 36.30                   | 2,280,080                                                                           | 37.81                                                                                                              | -                          | -                               | -                                                | -                               | 34,141,544                                          |
| (C)      | Non Promoter-Non Public     | -                            | -                                          | -                                           | -                                               | -                           | -                                                                            | -                                                        | -     | -                       | -                                                                                   | -                                                                                                                  | -                          | -                               | -                                                | -                               | -                                                   |
| (C1)     | Shares underlying DRs       | -                            | -                                          | -                                           | -                                               | -                           | -                                                                            | -                                                        | -     | -                       | -                                                                                   | -                                                                                                                  | -                          | -                               | -                                                | -                               | -                                                   |

| Category | Category of shareholder        | Number of shareholders (III) | Number of fully paid up equity shares held | Number of partly paid-up equity shares held | Number of shares underlying depository receipts | Total number of shares held | Shareholding as a % of total number of shares (calculated as per SCRR, 1957) | Number of voting rights held in each class of securities |                         | Number of shares underlying outstanding convertible securities (including warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of locked in shares |                                 | Number of shares pledged or otherwise encumbered |                                 | Number of equity shares held in dematerialized form |
|----------|--------------------------------|------------------------------|--------------------------------------------|---------------------------------------------|-------------------------------------------------|-----------------------------|------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------------|--------------------------------------------------|---------------------------------|-----------------------------------------------------|
| (I)      | (II)                           |                              | (IV)                                       | (V)                                         | (VI)                                            | (VII) = (IV) + (V) + (VI)   | (VIII) As a % of (A+B+C2)                                                    | (IX)                                                     |                         | (X)                                                                                 | (XI) = (VII) + (X) As a % of (A+B+C2)                                                                              | (XII)                      |                                 | (XIII)                                           |                                 | (XIV)                                               |
|          |                                |                              |                                            |                                             |                                                 |                             |                                                                              | Number of voting rights                                  | Total as a % of (A+B+C) |                                                                                     |                                                                                                                    | Number (a)                 | As a % of total shares held (b) | Number (a)                                       | As a % of total shares held (b) |                                                     |
|          |                                |                              |                                            |                                             |                                                 |                             |                                                                              | Equity                                                   | Total                   |                                                                                     |                                                                                                                    |                            |                                 |                                                  |                                 |                                                     |
| (C2)     | Shares held by Employee Trusts | -                            | -                                          | -                                           | -                                               | -                           | -                                                                            | -                                                        | -                       | -                                                                                   | -                                                                                                                  | -                          | -                               | -                                                | -                               | -                                                   |
|          | <b>Total</b>                   | <b>146</b>                   | <b>94,053,928</b>                          | -                                           | -                                               | <b>94,053,928</b>           | <b>100.00</b>                                                                | <b>94,053,928</b>                                        | <b>100.00</b>           | <b>100.00</b>                                                                       | <b>2,280,080</b>                                                                                                   | <b>100.00</b>              | -                               | -                                                | -                               | <b>94,053,928</b>                                   |

\*This excludes the CCPS held by certain shareholders as on date of the Draft Red Herring Prospectus, except where convertible securities have been taken into account.

## 7. Other details of shareholding of our Company

- (a) Set forth below is a list of shareholders holding 1% or more of the paid-up share capital of our Company and the number of Equity Shares held by them as on the date of filing of this Draft Red Herring Prospectus.

| Pre-Offer |                              |                         |                                                                   |                                                            |                                                                                            |
|-----------|------------------------------|-------------------------|-------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Sr. No.   | Name of the Shareholder      | Number of Equity Shares | Percentage of the pre-Offer Equity Share Capital (%) <sup>*</sup> | Number of Equity Shares, including upon conversion of CCPS | Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%) <sup>#</sup> |
| 1.        | Dr. Ramesh Kancharla         | 36,849,284              | 39.18%                                                            | 36,849,284                                                 | 38.25%                                                                                     |
| 2.        | CDC Group                    | 18,118,981              | 19.26%                                                            | 19,265,752                                                 | 20.00%                                                                                     |
| 3.        | CDC India                    | 8,933,163               | 9.50%                                                             | 10,066,472                                                 | 10.45%                                                                                     |
| 4.        | Dr. Dinesh Kumar Chirla      | 8,560,000               | 9.10%                                                             | 8,560,000                                                  | 8.89%                                                                                      |
| 5.        | Dr. Adarsh Kancharla         | 7,555,452               | 8.03%                                                             | 7,555,452                                                  | 7.84%                                                                                      |
| 6.        | Kancharla Family Trust       | 5,179,200               | 5.51%                                                             | 5,179,200                                                  | 5.38%                                                                                      |
| 7.        | Sai Geeta Dinesh Trust       | 1,040,000               | 1.11%                                                             | 1,040,000                                                  | 1.08%                                                                                      |
| 8.        | Dr. Poddutoor Preetham Kumar | 1,200,000               | 1.28%                                                             | 1,200,000                                                  | 1.25%                                                                                      |
|           | <b>Total</b>                 | <b>87,436,080</b>       | <b>92.97%<sup>^</sup></b>                                         | <b>89,716,160</b>                                          | <b>93.14%<sup>^</sup></b>                                                                  |

<sup>\*</sup> Excludes the impact of conversion of Series A CCPS and Series B CCPS.

<sup>#</sup> The percentage of the pre-Offer Equity Share capital on a fully diluted basis has been calculated after assuming conversion of Series A CCPS and Series B CCPS. 1,146,771 Series A CCPS held by CDC Group and 1,133,309 Series B CCPS held by CDC India, will be converted into 1,146,771 Equity Shares and 1,133,309 Equity Shares respectively, prior to filing of the Red Herring Prospectus with the RoC.

<sup>^</sup> Subject to the impact of rounding off to two decimal places.

- (b) Set forth below is a list of Shareholders holding 1% or more of the paid-up share capital of our Company, and the number of Equity Shares held by them 10 days prior to the date of filing of this Draft Red Herring Prospectus.

| Pre-Offer |                              |                         |                                                                   |                                                            |                                                                                            |
|-----------|------------------------------|-------------------------|-------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Sr. No.   | Name of the Shareholder      | Number of Equity Shares | Percentage of the pre-Offer Equity Share Capital (%) <sup>*</sup> | Number of Equity Shares, including upon conversion of CCPS | Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%) <sup>#</sup> |
| 1.        | Dr. Ramesh Kancharla         | 36,849,284              | 39.18%                                                            | 36,849,284                                                 | 38.25%                                                                                     |
| 2.        | CDC Group                    | 18,118,981              | 19.26%                                                            | 19,265,752                                                 | 20.00%                                                                                     |
| 3.        | CDC India                    | 8,933,163               | 9.50%                                                             | 10,066,472                                                 | 10.45%                                                                                     |
| 4.        | Dr. Dinesh Kumar Chirla      | 8,560,000               | 9.10%                                                             | 8,560,000                                                  | 8.89%                                                                                      |
| 5.        | Dr. Adarsh Kancharla         | 7,555,452               | 8.03%                                                             | 7,555,452                                                  | 7.84%                                                                                      |
| 6.        | Kancharla Family Trust       | 5,179,200               | 5.51%                                                             | 5,179,200                                                  | 5.38%                                                                                      |
| 7.        | Sai Geeta Dinesh Trust       | 1,040,000               | 1.11%                                                             | 1,040,000                                                  | 1.08%                                                                                      |
| 8.        | Dr. Poddutoor Preetham Kumar | 1,200,000               | 1.28%                                                             | 1,200,000                                                  | 1.25%                                                                                      |
|           | <b>Total</b>                 | <b>87,436,080</b>       | <b>92.97%<sup>^</sup></b>                                         | <b>89,716,160</b>                                          | <b>93.14%<sup>^</sup></b>                                                                  |

<sup>\*</sup> Excludes the impact of conversion of Series A CCPS and Series B CCPS.

<sup>#</sup> The percentage of the pre-Offer Equity Share capital on a fully diluted basis has been calculated after assuming conversion of Series A CCPS and Series B CCPS. 1,146,771 Series A CCPS held by CDC Group and 1,133,309 Series B CCPS held by CDC India, will be converted into 1,146,771 Equity Shares and 1,133,309 Equity Shares respectively, prior to filing of the Red Herring Prospectus with the RoC

<sup>^</sup> Subject to the impact of rounding off to two decimal places.

- (c) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them one year prior to the date of filing of this Draft Red Herring Prospectus:

| Pre-Offer |                              |                         |                                                       |                                                            |                                                                                            |
|-----------|------------------------------|-------------------------|-------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Sr. No.   | Name of the Shareholder      | Number of Equity Shares | Percentage of the pre-Offer Equity Share Capital (%)* | Number of Equity Shares, including upon conversion of CCPS | Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%) <sup>#</sup> |
| 1.        | Dr. Ramesh Kancharla         | 20,013,742              | 45.53%                                                | 20,013,742                                                 | 43.28%                                                                                     |
| 2.        | CDC Group                    | 8,486,105               | 19.30%                                                | 9,632,876                                                  | 20.83%                                                                                     |
| 3.        | CDC India                    | 3,899,927               | 8.87%                                                 | 5,033,236                                                  | 10.89%                                                                                     |
| 4.        | Dr. Dinesh Kumar Chirla      | 4,800,000               | 10.92%                                                | 4,800,000                                                  | 10.38%                                                                                     |
| 5.        | Dr. Adarsh Kancharla         | 2,311,950               | 5.26%                                                 | 2,311,950                                                  | 5.00%                                                                                      |
| 6.        | Padma Kancharla              | 1,800,000               | 4.09%                                                 | 1,800,000                                                  | 3.89%                                                                                      |
| 7.        | Devineni Suresh              | 1,047,200               | 2.38%                                                 | 1,047,200                                                  | 2.26%                                                                                      |
| 8.        | Dr. Poddutoor Preetham Kumar | 600,000                 | 1.36%                                                 | 600,000                                                    | 1.30%                                                                                      |
|           | <b>Total</b>                 | <b>42,958,924</b>       | <b>97.71%<sup>^</sup></b>                             | <b>45,239,004</b>                                          | <b>97.83%<sup>^</sup></b>                                                                  |

\* Excludes the impact of conversion of Series A CCPS and Series B CCPS.

<sup>#</sup> The percentage of the pre-Offer Equity Share capital on a fully diluted basis has been calculated after assuming conversion of Series A CCPS and Series B CCPS. 1,146,771 Series A CCPS held by CDC Group and 1,133,309 Series B CCPS held by CDC India, will be converted into 1,146,771 Equity Shares and 1,133,309 Equity Shares respectively, prior to filing of the Red Herring Prospectus with the RoC.

<sup>^</sup> Subject to the impact of rounding off to two decimal places.

- (d) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them two years prior to the date of filing of this Draft Red Herring Prospectus:

| Pre-Offer |                              |                         |                                                       |                                                            |                                                                                            |
|-----------|------------------------------|-------------------------|-------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Sr. No.   | Name of the Shareholder      | Number of Equity Shares | Percentage of the pre-Offer Equity Share Capital (%)* | Number of Equity Shares, including upon conversion of CCPS | Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%) <sup>#</sup> |
| 1.        | Dr. Ramesh Kancharla         | 20,013,742              | 45.53%                                                | 20,013,742                                                 | 43.28%                                                                                     |
| 2.        | CDC Group                    | 8,486,105               | 19.30%                                                | 9,632,876                                                  | 20.83%                                                                                     |
| 3.        | CDC India                    | 3,899,927               | 8.87%                                                 | 5,033,236                                                  | 10.89%                                                                                     |
| 4.        | Dr. Dinesh Kumar Chirla      | 4,800,000               | 10.92%                                                | 4,800,000                                                  | 10.38%                                                                                     |
| 5.        | Dr. Adarsh Kancharla         | 2,311,950               | 5.26%                                                 | 2,311,950                                                  | 5.00%                                                                                      |
| 6.        | Padma Kancharla              | 1,800,000               | 4.09%                                                 | 1,800,000                                                  | 3.89%                                                                                      |
| 7.        | Devineni Suresh              | 1,047,200               | 2.38%                                                 | 1,047,200                                                  | 2.26%                                                                                      |
| 8.        | Dr. Poddutoor Preetham Kumar | 600,000                 | 1.36%                                                 | 600,000                                                    | 1.30%                                                                                      |
|           | <b>Total</b>                 | <b>42,958,924</b>       | <b>97.71%<sup>^</sup></b>                             | <b>45,239,004</b>                                          | <b>97.83%<sup>^</sup></b>                                                                  |

\* Excludes the impact of conversion of Series A CCPS and Series B CCPS.

*# The percentage of the pre-Offer Equity Share capital on a fully diluted basis has been calculated after assuming conversion of Series A CCPS and Series B CCPS. 1,146,771 Series A CCPS held by CDC Group and 1,133,309 Series B CCPS held by CDC India, will be converted into 1,146,771 Equity Shares and 1,133,309 Equity Shares respectively, prior to filing of the Red Herring Prospectus with the RoC.*

*^ Subject to the impact of rounding off to two decimal places.*

8. Except for the Equity Shares or the employee stock options that may be allotted pursuant to the ESOP Scheme, our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a private placement basis / preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of further public issue of Equity Shares, or otherwise.
9. Except for the Series A CCPS and Series B CCPS, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Red Herring Prospectus.

#### 10. Employee Stock Option Scheme

The Rainbow Employee Stock Option Scheme 2021 (“**ESOP Scheme**”) is in compliance with the SEBI SBEB Regulations.

Pursuant to the resolutions passed by our Board on November 27, 2021 and by our Shareholders on November 30, 2021, our Company approved the ESOP Scheme for issue of employee stock options to eligible employees, which may result in an issuance of a maximum number of 2,049,660 Equity Shares. Upon exercise and payment of the exercise price, an option holder will be entitled to be allotted one Equity Share per employee stock option. The ESOP Scheme is administered by our Nomination and Remuneration Committee.

As on the date of this Draft Red Herring Prospectus, our Company has not granted any options under ESOP Scheme. The total number of options available under ESOP Scheme is 2,049,660 which are exercisable for 2,049,660 Equity Shares. The details of the ESOP Scheme, as certified by Madhu Mantri & Associates, Chartered Accountants through a certificate dated December 24, 2021, are as follows:

| Particulars                                                                                                                                                             | For the period from October 1, 2021 till the date of the Draft Red Herring Prospectus |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Total options outstanding as at the beginning of the year/period                                                                                                        | Nil                                                                                   |
| Option granted during the year/period.                                                                                                                                  | Nil                                                                                   |
| Options vested during the year/period.                                                                                                                                  | Nil                                                                                   |
| Vesting Period                                                                                                                                                          | Nil                                                                                   |
| Options exercised during the year/period.                                                                                                                               | Nil                                                                                   |
| Options forfeited/ lapsed/ cancelled during the year/period.                                                                                                            | Nil                                                                                   |
| Options outstanding (including vested and unvested options) at the end of the year/period                                                                               | Nil                                                                                   |
| Exercise price of options - weighted average exercise price per option (in ₹)                                                                                           | Nil                                                                                   |
| Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)(vested + unvested options) | Nil                                                                                   |
| Variation in terms of options                                                                                                                                           | Nil                                                                                   |

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                   | For the period from October 1, 2021 till the date of the Draft Red Herring Prospectus |                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------|
| Money realised by exercise of options (in ₹ million)                                                                                                                                                                                                                                                                                                                                                                                                          | Nil                                                                                   |                                      |
| Total number of options in force (excluding options not granted) (Options Outstanding at the end of the Year/Period)                                                                                                                                                                                                                                                                                                                                          | Nil                                                                                   |                                      |
| <b>Employee wise details of options granted to</b>                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                       |                                      |
| (i) Key Managerial Personnel<br>- KMP -As on the date of Draft Red Herring Prospectus                                                                                                                                                                                                                                                                                                                                                                         | Nil                                                                                   |                                      |
| (ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year                                                                                                                                                                                                                                                                                                                        | NA                                                                                    |                                      |
| (iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant (Post split and bonus)                                                                                                                                                                                                                            | NA                                                                                    |                                      |
| Fully diluted EPS on a pre-Offer basis pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard on 'Earnings per Share' (in ₹) from continuing operations.                                                                                                                                                                                                                              | NA                                                                                    |                                      |
| Post split of equity shares and bonus from restated financials                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                       |                                      |
| Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company                                                                                                                                                                          | NA                                                                                    |                                      |
| Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option                                                                                                 | NA                                                                                    |                                      |
| The weighted average share price on the date of grant (₹)                                                                                                                                                                                                                                                                                                                                                                                                     | NA                                                                                    |                                      |
| Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years                                                                                                                                                                                                                                                            | NA                                                                                    |                                      |
| Intention of the Key Managerial Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the Offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any                  | <b>Name of employee</b>                                                               | <b>Total number of Equity Shares</b> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                               | NA                                                                                    |                                      |
| Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company | NA                                                                                    |                                      |

# 11. Details of shareholding of our Promoters and members of the Promoter Group in our Company

(a) As on the date of this Draft Red Herring Prospectus, our Promoters hold 52,964,736 Equity Shares, in aggregate, equivalent to 56.31 % of the issued, subscribed and paid-up Equity Share capital of our Company.

## (b) History of build-up, contribution and lock-in of Promoters shareholding

### Build-up of the Promoters' shareholding in our Company

The build-up of the equity shareholding of our Promoters since incorporation of our Company is set forth in the table below.

| Name of Promoter     | Nature of transaction                       | Nature of consideration | Date of Allotment/ Transfer / Transmission | No. of Equity Shares | Face value per Equity Share (₹) | Offer Price/ Transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital (%)* | Percentage of the post-Offer capital (%) |
|----------------------|---------------------------------------------|-------------------------|--------------------------------------------|----------------------|---------------------------------|--------------------------------------------------|-------------------------------------------|------------------------------------------|
| Dr. Ramesh Kancharla | Initial subscription to the MoA             | Cash                    | August 7, 1998                             | 100                  | 10                              | 10                                               | 0.00                                      | [●]                                      |
|                      | Further Issue                               | Cash                    | March 31, 2002                             | 286,200              | 10                              | 10                                               | 0.30                                      | [●]                                      |
|                      | Transfer from Dr. Prasad S.V. Vankayalapati | Cash                    | September 27, 2003                         | 312,200              | 10                              | 10                                               | 0.33                                      | [●]                                      |
|                      | Transfer from Mr. D.V.Naidu                 | Cash                    | September 27, 2003                         | 373,500              | 10                              | 10                                               | 0.4                                       | [●]                                      |
|                      | Transfer to Mr.D.V.Ramana                   | Cash                    | September 27, 2003                         | (50,000)             | 10                              | 10                                               | (0.05)                                    | [●]                                      |
|                      | Transfer from Dr.K.Ravindranath             | Cash                    | February 25, 2008                          | 235,000              | 10                              | 10                                               | (0.25)                                    | [●]                                      |
|                      | Further Issue                               | Cash                    | March 28, 2008                             | 2,937,100            | 10                              | 10                                               | 3.12                                      | [●]                                      |
|                      | Bonus issue                                 | N.A.                    | June 28, 2008                              | 1,157,000            | 10                              | -                                                | 1.23                                      | [●]                                      |
|                      | Further Issue                               | Cash                    | January 22, 2009                           | 320,000              | 10                              | 10                                               | 0.34                                      | [●]                                      |
|                      | Transfer from Dr. A. Narendra Kumar         | Cash                    | June 30, 2010                              | 100,000              | 10                              | 10                                               | 0.11                                      | [●]                                      |
|                      | Transfer from Dr. D.V. Ramana               | Cash                    | September 1, 2010                          | 100,000              | 10                              | 10                                               | 0.11                                      | [●]                                      |
|                      | Transfer from Dr. Mehul A. Shah             | Cash                    | September 1, 2010                          | 50,000               | 10                              | 10                                               | 0.05                                      | [●]                                      |
|                      | Further Issue                               | Cash                    | March 31, 2011                             | 50,000               | 10                              | 20                                               | 0.05                                      | [●]                                      |

| Name of Promoter | Nature of transaction                   | Nature of consideration | Date of Allotment/ Transfer / Transmission | No. of Equity Shares | Face value per Equity Share (₹) | Offer Price/ Transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital (%)* | Percentage of the post- Offer capital (%) |
|------------------|-----------------------------------------|-------------------------|--------------------------------------------|----------------------|---------------------------------|--------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                  | Transfer to Mrs.Rajini Meka             | Cash                    | October 30, 2012                           | (50,000)             | 10                              | 44.18                                            | (0.05)                                    | [●]                                       |
|                  | Transfer to CDC Group                   | Cash                    | August 13, 2013                            | (114,677)            | 10                              | 436.01                                           | (0.12)                                    | [●]                                       |
|                  | Transfer to CDC India                   | Cash                    | March 29, 2016                             | (125,000)            | 10                              | 882.37                                           | (0.13)                                    | [●]                                       |
|                  | Bonus Issue                             | N.A.                    | January 23, 2018                           | 16,744,269           | 10                              | -                                                | 17.80                                     | [●]                                       |
|                  | Transfer to Dr. Adarsh Kancharla        | Gift                    | March 23, 2018                             | (2,311,950)          | 10                              | Nil                                              | (2.46)                                    | [●]                                       |
|                  | Rights issue                            | Cash                    | October 22, 2021                           | 1,928,000            | 10                              | 140                                              | 2.05                                      | [●]                                       |
|                  | Transfer to Harish Jayaram              | Cash                    | October 26, 2021                           | (15,000)             | 10                              | 140                                              | (0.02)                                    | [●]                                       |
|                  | Transfer to Faisal B Nahdi              | Cash                    | October 27, 2021                           | (15,000)             | 10                              | 140                                              | (0.02)                                    | [●]                                       |
|                  | Transfer to Dr. Shruthi Reddy Poddutoor | Cash                    | October 27, 2021                           | (15,000)             | 10                              | 140                                              | (0.02)                                    | [●]                                       |
|                  | Transfer to Dr. Brundavani              | Cash                    | October 27, 2021                           | (2,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Lokesh Lingappa         | Cash                    | October 27, 2021                           | (15,000)             | 10                              | 140                                              | (0.02)                                    | [●]                                       |
|                  | Transfer to Dr. Sirisha Rani            | Cash                    | October 27, 2021                           | (15,000)             | 10                              | 140                                              | (0.02)                                    | [●]                                       |
|                  | Transfer to Dr. Pranathi Reddy          | Cash                    | October 27, 2021                           | (50,000)             | 10                              | 140                                              | (0.05)                                    | [●]                                       |
|                  | Transfer to Dr. Nitin Ashok Rewatkar    | Cash                    | October 27, 2021                           | (6,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Satya Prasad V.V.R          | Cash                    | October 27, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Nalinikanta Panigrahy   | Cash                    | October 27, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr.                         | Cash                    | October 27, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |



| Name of Promoter | Nature of transaction                 | Nature of consideration | Date of Allotment/ Transfer / Transmission | No. of Equity Shares | Face value per Equity Share (₹) | Offer Price/ Transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital (%)* | Percentage of the post- Offer capital (%) |
|------------------|---------------------------------------|-------------------------|--------------------------------------------|----------------------|---------------------------------|--------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                  | Nitasha Bagga                         |                         | 2021                                       |                      |                                 |                                                  |                                           |                                           |
|                  | Transfer to Bhargavi Reddy K          | Cash                    | October 27, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Anupama Y                 | Cash                    | October 27, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Lakshmi Kiran S       | Cash                    | October 27, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Gauri Nayak Dhamangoankar | Cash                    | October 27, 2021                           | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Neelima K.V.A.R           | Cash                    | October 27, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Satyanarayana Kavali      | Cash                    | October 27, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to S.Ramprasad               | Cash                    | October 27, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Rakshay Shetty        | Cash                    | October 27, 2021                           | (15,000)             | 10                              | 140                                              | (0.02)                                    | [●]                                       |
|                  | Transfer to Dr. Prakash Vemgal        | Cash                    | October 27, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Shailaja              | Cash                    | October 27, 2021                           | (2,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Hafsa Ahmad           | Cash                    | October 28, 2021                           | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Vijendra              | Cash                    | October 28, 2021                           | (1,250)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Ujwala Desai          | Cash                    | October 28, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. (Col) C G Wilson      | Cash                    | October 28, 2021                           | (1,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Prathyusha Reddy M        | Cash                    | October 28, 2021                           | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr G Ramesh               | Cash                    | October 28, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |

| Name of Promoter | Nature of transaction                  | Nature of consideration | Date of Allotment/ Transfer / Transmission | No. of Equity Shares | Face value per Equity Share (₹) | Offer Price/ Transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital (%)* | Percentage of the post- Offer capital (%) |
|------------------|----------------------------------------|-------------------------|--------------------------------------------|----------------------|---------------------------------|--------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                  | Transfer to Dr. Prashant N Bachina     | Cash                    | October 28, 2021                           | (15,000)             | 10                              | 140                                              | (0.02)                                    | [●]                                       |
|                  | Transfer to Dr. Aparna Reddy           | Cash                    | October 28, 2021                           | (4,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Vijayanand Jamalpuri   | Cash                    | October 28, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Mainak Deb                 | Cash                    | October 28, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Siva Narayana Reddy    | Cash                    | October 28, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Bhavana K              | Cash                    | October 28, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Madhavi Reddy R            | Cash                    | October 28, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Preethi Reddy G        | Cash                    | October 28, 2021                           | (15,000)             | 10                              | 140                                              | (0.02)                                    | [●]                                       |
|                  | Transfer to Dr. Chaitanya Cheeti       | Cash                    | October 28, 2021                           | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Suresh Kumar Panda         | Cash                    | October 28, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Vamsi Siva Rama Raju V     | Cash                    | October 28, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Sreedharan Athmanathan | Cash                    | October 28, 2021                           | (2,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Rahul Anand Yadav      | Cash                    | October 28, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Tulika Tayal           | Cash                    | November 01, 2021                          | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Srinivas Namineni      | Cash                    | November 1, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Hima                       | Cash                    | November 1,                                | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |

| Name of Promoter | Nature of transaction                 | Nature of consideration | Date of Allotment/ Transfer / Transmission | No. of Equity Shares | Face value per Equity Share (₹) | Offer Price/ Transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital (%)* | Percentage of the post- Offer capital (%) |
|------------------|---------------------------------------|-------------------------|--------------------------------------------|----------------------|---------------------------------|--------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                  | Bindu Veerla                          |                         | 2021                                       |                      |                                 |                                                  |                                           |                                           |
|                  | Transfer to Surekha Devi Allanki      | Cash                    | November 1, 2021                           | (1,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Radhika Y                 | Cash                    | November 1, 2021                           | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Kapil Bhagwatrao Sachane  | Cash                    | November 1, 2021                           | (2,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Surender Rao Dusa     | Cash                    | November 1, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Ramesh Konanki            | Cash                    | November 1, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Akheel Syed Rizwan        | Cash                    | November 1, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Varalakshmi K S           | Cash                    | November 1, 2021                           | (4,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Varalakshmi Nandyala  | Cash                    | November 1, 2021                           | (15,000)             | 10                              | 140                                              | (0.02)                                    | [●]                                       |
|                  | Transfer to Dr. Ratna D               | Cash                    | November 1, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Lakshmi K Vedaprakash     | Cash                    | November 1, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Lakshmi Devi Appasani | Cash                    | November 1, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Kiranmayi M               | Cash                    | November 1, 2021                           | (2,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Akhila Gogineni           | Cash                    | November 1, 2021                           | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to David Suvarnaraju Parimi  | Cash                    | November 1, 2021                           | (4,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Radha                     | Cash                    | November 1,                                | (2,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |

| Name of Promoter | Nature of transaction                  | Nature of consideration | Date of Allotment/ Transfer / Transmission | No. of Equity Shares | Face value per Equity Share (₹) | Offer Price/ Transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital (%)* | Percentage of the post- Offer capital (%) |
|------------------|----------------------------------------|-------------------------|--------------------------------------------|----------------------|---------------------------------|--------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                  | Reddy P                                |                         | 2021                                       |                      |                                 |                                                  |                                           |                                           |
|                  | Transfer to Phani Jyotsna Vishnubhotla | Cash                    | November 1, 2021                           | (2,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Gayathri Vemavarapu    | Cash                    | November 1, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Pallavi Maddukuri          | Cash                    | November 1, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Swapna P               | Cash                    | November 1, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Vamsi Kiran Rayudu     | Cash                    | November 1, 2021                           | (4,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Shanti Sree R          | Cash                    | November 1, 2021                           | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Niraj Krishnamurthy Y  | Cash                    | November 1, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Chandra Sekhar K           | Cash                    | November 1, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Ramakrishna Garikipaty     | Cash                    | November 1, 2021                           | (3,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Pallavi Chalasani          | Cash                    | November 1, 2021                           | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Reena Lankala              | Cash                    | November 1, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Shyamala Mundumula         | Cash                    | November 1, 2021                           | (4,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Saroja Banothu             | Cash                    | November 1, 2021                           | (6,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Maithri Reddy Mallemala    | Cash                    | November 1, 2021                           | (2,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Annie Pranutha             | Cash                    | November 1, 2021                           | (2,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |

| Name of Promoter | Nature of transaction                | Nature of consideration | Date of Allotment/ Transfer / Transmission | No. of Equity Shares | Face value per Equity Share (₹) | Offer Price/ Transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital (%)* | Percentage of the post- Offer capital (%) |
|------------------|--------------------------------------|-------------------------|--------------------------------------------|----------------------|---------------------------------|--------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                  | Transfer to D.V.S.Sridhar            | Cash                    | November 1, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Manu Jasti               | Cash                    | November 1, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Hema Kumar Nagappagari   | Cash                    | November 1, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Nirupama Vaddi           | Cash                    | November 1, 2021                           | (6,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Saumil Gaur          | Cash                    | November 1, 2021                           | (6,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Jyoti Singh          | Cash                    | November 1, 2021                           | (4,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Sridhar M            | Cash                    | November 1, 2021                           | (4,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Saravanan R          | Cash                    | November 1, 2021                           | (4,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Sunidhara            | Cash                    | November 1, 2021                           | (2,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Sridevi              | Cash                    | November 1, 2021                           | (3,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Prashanth K          | Cash                    | November 2, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Jyoti Bothra             | Cash                    | November 2, 2021                           | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr. Meera Iyer           | Cash                    | November 2, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Venkatauma Jyothi Kanuri | Cash                    | November 2, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Srikanth Domala          | Cash                    | November 2, 2021                           | (3,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Shashwat Mohanty         | Cash                    | November 2, 2021                           | (4,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Geetha Belliappa     | Cash                    | November 2, 2021                           | (4,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |

| Name of Promoter | Nature of transaction                        | Nature of consideration | Date of Allotment/ Transfer / Transmission | No. of Equity Shares | Face value per Equity Share (₹) | Offer Price/ Transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital (%)* | Percentage of the post- Offer capital (%) |
|------------------|----------------------------------------------|-------------------------|--------------------------------------------|----------------------|---------------------------------|--------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                  | Transfer to Dr. Mahesh D C                   | Cash                    | November 2, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Dr .Subramanyam                  | Cash                    | November 2, 2021                           | (7,500)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Koteswaramma Ganta               | Cash                    | November 8, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Sreesaila China Pothu Raju Bojja | Cash                    | November 8, 2021                           | (10,000)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Uma Mikkilineni                  | Cash                    | November 8, 2021                           | (12,500)             | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to P Srinivasa Rao                  | Cash                    | November 8, 2021                           | (1,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Subba Rao P.V.V.R.               | Cash                    | November 8, 2021                           | (1,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Meeni Srinivas                   | Cash                    | November 8, 2021                           | (2,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Mateen                           | Cash                    | November 8, 2021                           | (1,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to KVSN Narashimha Rao              | Cash                    | November 8, 2021                           | (1,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Chirmana Arti Reddy              | Cash                    | November 8, 2021                           | (2,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Kalyani Nulu                     | Cash                    | November 8, 2021                           | (1,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Dr. Ranganathan Iyer             | Cash                    | November 10, 2021                          | (3,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Varikutti Madhu Babu             | Cash                    | November 10, 2021                          | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to Bheem Rao Seshagir               | Cash                    | November 10, 2021                          | (2,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Sateesh Kumar S                  | Cash                    | November 10, 2021                          | (2,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Ranjini                          | Cash                    | November 10, 2021                          | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |

| Name of Promoter | Nature of transaction            | Nature of consideration | Date of Allotment/ Transfer / Transmission | No. of Equity Shares | Face value per Equity Share (₹) | Offer Price/ Transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital (%)* | Percentage of the post- Offer capital (%) |
|------------------|----------------------------------|-------------------------|--------------------------------------------|----------------------|---------------------------------|--------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                  | Nair                             |                         | 2021                                       |                      |                                 |                                                  |                                           |                                           |
|                  | Transfer to P C Vikram           | Cash                    | November 10, 2021                          | (2,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Hari Prasad Kadiyala | Cash                    | November 10, 2021                          | (2,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Kalyani Chandra      | Cash                    | November 10, 2021                          | (3,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Tajjamul Hussain     | Cash                    | November 10, 2021                          | (1,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Y.Laxmi Narayana     | Cash                    | November 10, 2021                          | (1,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Deepak Kumar         | Cash                    | November 10, 2021                          | (2,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Ram Kannan           | Cash                    | November 10, 2021                          | (3,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Jayadeep J           | Cash                    | November 10, 2021                          | (3,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Saurabh Bhandari     | Cash                    | November 10, 2021                          | (5,000)              | 10                              | 140                                              | (0.01)                                    | [●]                                       |
|                  | Transfer to R.Gowrisankar        | Cash                    | November 10, 2021                          | (20,000)             | 10                              | 140                                              | (0.02)                                    | [●]                                       |
|                  | Transfer to Mahesh Madduri       | Cash                    | November 10, 2021                          | (25,000)             | 10                              | 140                                              | (0.03)                                    | [●]                                       |
|                  | Transfer to Sanjay Bajaj         | Cash                    | November 10, 2021                          | (4,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to D Pranitha           | Cash                    | November 10, 2021                          | (1,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to P Karunamrutha       | Cash                    | November 10, 2021                          | (1,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to K Mallikarjuna Rao   | Cash                    | November 10, 2021                          | (1,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Ramesh G             | Cash                    | November 10, 2021                          | (1,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                  | Transfer to Niranjana Kumar      | Cash                    | November 10, 2021                          | (1,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |

| Name of Promoter               | Nature of transaction                 | Nature of consideration | Date of Allotment/ Transfer / Transmission | No. of Equity Shares | Face value per Equity Share (₹) | Offer Price/ Transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital (%)* | Percentage of the post- Offer capital (%) |
|--------------------------------|---------------------------------------|-------------------------|--------------------------------------------|----------------------|---------------------------------|--------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                                | Transfer to Aparna Chavali            | Cash                    | November 10, 2021                          | (2,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                                | Transfer to Ravi Chandra N            | Cash                    | November 10, 2021                          | (1,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                                | Transfer to Karthikeyan T             | Cash                    | November 10, 2021                          | (1,250)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                                | Transfer to Madhukar                  | Cash                    | November 10, 2021                          | (1,500)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                                | Transfer to Sreekanth                 | Cash                    | November 10, 2021                          | (1,000)              | 10                              | 140                                              | 0.00                                      | [●]                                       |
|                                | Transfer to Ramadhara Naidu Kancharla | Gift                    | November 10, 2021                          | (30,000)             | 10                              | Nil                                              | (0.03)                                    | [●]                                       |
|                                | Transfer to Kancharla Family Trust    | Gift                    | November 24, 2021                          | (2,589,600)          | 10                              | Nil                                              | (2.75)                                    | [●]                                       |
|                                | Bonus Issue                           | N.A.                    | December 1, 2021                           | 18,424,642           | 10                              | -                                                | 19.59                                     | [●]                                       |
| <b>Total shareholding (A)</b>  |                                       |                         |                                            | <b>36,849,284</b>    |                                 |                                                  | <b>39.18</b>                              | [●]                                       |
| <b>Dr. Dinesh Kumar Chirla</b> | Further Issue                         | Cash                    | March 28, 2008                             | 750,000              | 10                              | 10                                               | 0.80                                      | [●]                                       |
|                                | Further Issue                         | Cash                    | January 22, 2009                           | 350,000              | 10                              | 10                                               | 0.37                                      | [●]                                       |
|                                | Further Issue                         | Cash                    | March 31, 2011                             | 100,000              | 10                              | 20                                               | 0.11                                      | [●]                                       |
|                                | Bonus Issue                           | N.A.                    | January 23, 2018                           | 3,600,000            | 10                              | -                                                | 3.83                                      | [●]                                       |
|                                | Transfer to Sai Geetha Dinesh Trust   | Gift                    | November 20, 2021                          | (520,000)            | 10                              | Nil                                              | (0.55)                                    | [●]                                       |
|                                | Bonus Issue                           | N.A.                    | December 1, 2021                           | 4,280,000            | 10                              | -                                                | 4.55                                      | [●]                                       |
| <b>Total shareholding (B)</b>  |                                       |                         |                                            | <b>8,560,000</b>     |                                 |                                                  | <b>9.10</b>                               | [●]                                       |
| <b>Dr. Adarsh</b>              | Transfer from Dr.                     | Gift                    | March 22,                                  |                      | 10                              | Nil                                              | 2.46                                      | [●]                                       |



| Name of Promoter              | Nature of transaction         | Nature of consideration | Date of Allotment/ Transfer / Transmission | No. of Equity Shares | Face value per Equity Share (₹) | Offer Price/ Transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital (%)* | Percentage of the post-Offer capital (%) |
|-------------------------------|-------------------------------|-------------------------|--------------------------------------------|----------------------|---------------------------------|--------------------------------------------------|-------------------------------------------|------------------------------------------|
| <b>Kancharla</b>              | Ramesh Kancharla              |                         | 2018                                       | 2,311,950            |                                 |                                                  |                                           |                                          |
|                               | Transfer from Padma Kancharla | Gift                    | November 15, 2021                          | 1,465,776            | 10                              | Nil                                              | 1.56                                      | [●]                                      |
|                               | Bonus Issue                   | N.A.                    | December 1, 2021                           | 3,777,726            | 10                              | -                                                | 4.02                                      | [●]                                      |
| <b>Total shareholding (C)</b> |                               |                         |                                            | <b>7,555,452</b>     |                                 |                                                  | <b>8.03</b>                               | [●]                                      |
| <b>TOTAL (A + B + C)</b>      |                               |                         |                                            | <b>52,964,736</b>    |                                 |                                                  | <b>56.31</b>                              | [●]                                      |

*# Excludes the impact of conversion of Series A CCPS and Series B CCPS.*

- (c) All the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment or acquisition, as the case may be.
- (d) Other than as disclosed below, none of the members of the Promoter Group (other than our Promoters), hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

| Sr. No.                                                  | Name of the Shareholder   | Pre- Offer           |                                                  | Post- Offer*         |                                     |
|----------------------------------------------------------|---------------------------|----------------------|--------------------------------------------------|----------------------|-------------------------------------|
|                                                          |                           | No. of Equity Shares | % of the total Equity Share Capital <sup>#</sup> | No. of Equity Shares | % of the total Equity Share Capital |
| Members of the Promoter Group (other than the Promoters) |                           |                      |                                                  |                      |                                     |
| 1.                                                       | Padma Kancharla           | 608,448              | 0.65                                             | [●]                  | [●]                                 |
| 2.                                                       | Kancharla Family Trust    | 5,179,200            | 5.51                                             | [●]                  | [●]                                 |
| 3.                                                       | Srinivas Talasila         | 60,000               | 0.06                                             | [●]                  | [●]                                 |
| 4.                                                       | Ramadhara Naidu Kancharla | 60,000               | 0.06                                             | [●]                  | [●]                                 |
| 5.                                                       | Sai Geeta Dinesh Trust    | 1,040,000            | 1.11                                             | [●]                  | [●]                                 |

*\*Subject to finalisation of Basis of Allotment*

*# Excludes the impact of conversion of Series A CCPS and Series B CCPS.*

- (e) Except as disclosed below and under “–Build-up of the Promoters’ shareholding in our Company”, none of the members of the Promoter Group, the Promoters, our Directors and their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus:

| Date              | Nature of transaction                    | Number of Equity Shares | Face value (₹) | Issue/ transaction price (₹) | Total consideration (₹) |
|-------------------|------------------------------------------|-------------------------|----------------|------------------------------|-------------------------|
| October 26, 2021  | Transfer of Equity Shares <sup>(1)</sup> | (15,000)                | 10             | 140                          | 2,100,000               |
| October 27, 2021  | Transfer of Equity Shares <sup>(2)</sup> | (248,500)               | 10             | 140                          | 34,790,000              |
| October 28, 2021  | Transfer of Equity Shares <sup>(3)</sup> | (153,250)               | 10             | 140                          | 21,455,000              |
| November 1, 2021  | Transfer of Equity Shares <sup>(4)</sup> | (270,500)               | 10             | 140                          | 37,870,000              |
| November 2, 2021  | Transfer of Equity Shares <sup>(5)</sup> | (63,500)                | 10             | 140                          | 8,890,000               |
| November 8, 2021  | Transfer of Equity Shares <sup>(6)</sup> | (46,000)                | 10             | 140                          | 6,440,000               |
| November 10, 2021 | Transfer of Equity Shares <sup>(7)</sup> | (100,750)               | 10             | 140                          | 14,105,000              |

|                   |                                           |             |    |     |   |
|-------------------|-------------------------------------------|-------------|----|-----|---|
| November 10, 2021 | Transfer of Equity Shares <sup>(8)</sup>  | (30,000)    | 10 | Nil | - |
| November 15, 2021 | Transfer of Equity Shares <sup>(9)</sup>  | (1,465,776) | 10 | Nil | - |
| November 15, 2021 | Transfer of Equity Shares <sup>(10)</sup> | (30,000)    | 10 | Nil | - |
| November 20, 2021 | Transfer of Equity Shares <sup>(11)</sup> | (520,000)   | 10 | Nil | - |
| November 24, 2021 | Transfer of Equity Shares <sup>(12)</sup> | (2,589,600) | 10 | Nil | - |

- (1) Transfer of 15,000 Equity Shares to Harish Jayaram from Dr. Ramesh Kancharla.
- (2) Transfers from Dr. Ramesh Kancharla, of 15,000 Equity Shares to Faisal B Nahdi, 15,000 Equity Shares to Dr. Shruthi Reddy Poddutoor, 2,500 Equity Shares to Dr. Brundavani, 15,000 Equity Shares to Dr. Lokesh Lingappa, 15,000 Equity Shares to Dr. Sirisha Rani, 50,000 Equity Shares to Dr. Pranathi Reddy, 6,000 Equity Shares to Dr. Nitin Ashok Rewatkar, 12,500 Equity Shares to Satya Prasad V.V.R, 12,500 Equity Shares to Dr. Nalinikanta Panigrahy, 10,000 Equity Shares to Dr. Nitasha Bagga, 7,500 Equity Shares to Bhargavi Reddy K, 7,500 Equity Shares to Anupama Y, 12,500 Equity Shares to Dr. Lakshmi Kiran S, 5,000 Equity Shares to Gauri Nayak Dhamangoankar, 10,000 Equity Shares to Neelima K.V.A.R, 10,000 Equity Shares to Satyanarayana Kavali, 12,500 Equity Shares to S. Ramprasad, 15,000 Equity Shares to Dr. Rakshay Shetty, 12,500 Equity Shares to Dr. Prakash Vemgal and 2,500 Equity Shares to Dr. Shailaja.
- (3) Transfers from Dr. Ramesh Kancharla, of 5,000 Equity Shares to Dr. Hafsa Ahmad, 1,250 Equity Shares to Dr. Vijendra, 12,500 Equity Shares to Dr. Ujwala Desai, 1,000 Equity Shares to Dr. (Col) C G Wilson, 5,000 Equity Shares to Prathyusha Reddy M, 10,000 Equity Shares to Dr. G Ramesh, 15,000 Equity Shares to Dr. Prashant N Bachina, 4,000 Equity Shares to Dr. Aparna Reddy, 12,500 Equity Shares to Dr. Vijayanand Jamalpuri, 10,000 Equity Shares to Mainak Deb, 12,500 Equity Shares to Dr. Siva Narayana Reddy, 7,500 Equity Shares to Dr. Bhavana K, 7,500 Equity Shares to Madhavi Reddy R, 15,000 Equity Shares to Dr. Preethi Reddy G, 5,000 Equity Shares to Dr. Chaitanya Cheeti, 7,500 Equity Shares to Suresh Kumar Panda, 10,000 Equity Shares to Vamsi Siva Rama Raju V, 2,000 Equity Shares to Dr. Sreedharan Athmanathan and 10,000 Equity Shares to Dr. Rahul Anand Yadav.
- (4) Transfers from Dr. Ramesh Kancharla, of 7,500 Equity Shares to Dr. Tulika Tayal, 7,500 Equity Shares to Dr. Srinivas Namineni, 7,500 Equity Shares to Hima Bindu Veerla, 1,500 Equity Shares to Surekha Devi Allanki, 5,000 Equity Shares to Radhika Y, 2,500 Equity Shares to Kapil Bhagwatrao Sachane, 12,500 Equity Shares to Dr. Surender Rao Dusa, 10,000 Equity Shares to Ramesh Konanki, 7,500 Equity Shares to Akheel Syed Rizwan, 4,000 Equity Shares to Varalakshmi K S, 15,000 Equity Shares to Dr. Varalakshmi Nandyala, 7,500 Equity Shares to Dr. Ratna D, 10,000 Equity Shares to Lakshmi K Vedaprakash, 7,500 Equity Shares to Dr. Lakshmi Devi Appasani, 2,500 Equity Shares to Kiranmayi M, 5,000 Equity Shares to Akhila Gogineni, 4,000 Equity Shares to David Suvarnaraju Parimi, 2,000 Equity Shares to Radha Reddy P, 2,500 Equity Shares to Phani Jyotsna Vishnubhotla, 7,500 Equity Shares to Dr. Gayathri Vemavarapu, 10,000 Equity Shares to Pallavi Maddukuri, 12,500 Equity Shares to Dr. Swapna P, 4,000 Equity Shares to Dr. Vamsi Kiran Rayudu, 5,000 Equity Shares to Dr. Shanti Sree R, 12,500 Equity Shares to Dr. Niraj Krishnamurthy Y, 12,500 Equity Shares to Chandra Sekhar K, 3,000 Equity Shares to Ramakrishna Garikipaty, 5,000 Equity Shares to Pallavi Chalasani, 7,500 Equity Shares to Reena Lankala, 4,000 Equity Shares to Shyamala Mundumula, 6,000 Equity Shares to Saroja Banothu, 2,500 Equity Shares to Maithri Reddy Mallemala, 2,500 Equity Shares to Annie Pranutha, 7,500 Equity Shares to D.V.S. Sridhar, 10,000 Equity Shares to Manu Jasti, 7,500 Equity Shares to Hema Kumar Nagappagari, 6,000 Equity Shares to Nirupama Vaddi, 6,000 Equity Shares to Dr. Saumil Gaur, 4,000 Equity Shares to Dr. Jyoti Singh, 4,000 Equity Shares to Dr. Sridhar M, 4,000 Equity Shares to Dr. Saravanan R, 2,500 Equity Shares to Dr. Sunidhara and 3,000 Equity Shares to Dr. Sridevi.
- (5) Transfers from Dr. Ramesh Kancharla, of 10,000 Equity Shares to Dr. Prashanth K, 5,000 Equity Shares to Jyoti Bothra, 10,000 Equity Shares to Dr. Meera Iyer, 10,000 Equity Shares to Venkatauma Jyothi Kanuri, 3,000 Equity Shares to Srikanth Domala, 4,000 Equity Shares to Shashwat Mohanty, 4,000 Equity Shares to Dr. Geetha Belliappa, 10,000 Equity Shares to Dr. Mahesh D C and 7,500 Equity Shares to Dr. Subramanyam.
- (6) Transfers from Dr. Ramesh Kancharla, of 12,500 Equity Shares to Koteswaramma Ganta, 10,000 Equity Shares to Sreesaila China Pothu Raju Bojja, 12,500 Equity Shares to Uma Mikkilineni, 1,500 Equity Shares to P Srinivasa Rao, 1,500 Equity Shares to Subba Rao P.V.V.R., 2,000 Equity Shares to Meeni Srinivas, 1,500 Equity Shares to Mateen, 1,500 Equity Shares to KVS N Narashimha Rao, 2,000 Equity Shares to Chirmana Arti Reddy and 1,000 Equity Shares to Kalyani Nulu.
- (7) Transfers from Dr. Ramesh Kancharla, of 3,000 Equity Shares to Dr. Ranganathan Iyer, 5,000 Equity Shares to Varikutti Madhu Babu, 2,500 Equity Shares to Bheem Rao Seshagir, 2,000 Equity Shares to Sateesh Kumar S, 5,000 Equity Shares to Ranjini Nair, 2,000 Equity Shares to P C Vikram, 2,000 Equity Shares to Hari Prasad Kadiyala, 3,000 Equity Shares to Kalyani Chandra, 1,000 Equity Shares to Tajjamul Hussain, 1,000 Equity Shares to Y.Laxmi Narayana, 2,000 Equity Shares to Deepak Kumar, 3,000 Equity Shares to Ram Kannan, 3,000 Equity Shares to Jayadeep J, 5,000 Equity Shares to Saurabh Bhandari, 20,000 Equity Shares to Gowri Sankar, 25,000 Equity Shares to Mahesh Madduri, 4,000 Equity Shares to Sanjay Bajaj, 1,000 Equity Shares to D Pranitha, 1,000 Equity Shares to P Karunamrutha, 1,000 Equity Shares to K Mallikarjuna Rao, 1,000 Equity Shares to Ramesh G, 1,000 Equity Shares to Niranjana Kumar, 2,000 Equity Shares to Aparna Chavali, 1,500 Equity Shares to Ravi Chandra N, 1,250 Equity Shares to Karthikeyan T, 1,500 Equity Shares to Madhukar and 1,000 Equity Shares to Sreekanth.
- (8) Gift of 30,000 Equity Shares from Dr. Ramesh Kancharla to Ramadhara Naidu Kancharla.

- (9) Gift of 1,465,776 Equity Shares from Padma Kancharla to Dr. Adarsh Kancharla.  
 (10) Gift of 30,000 Equity Shares from Padma Kancharla to Srinivas Talasila.  
 (11) Gift of 520,000 Equity Shares from Dr. Dinesh Kumar Chirla to Sai Geeta Dinesh Trust  
 (12) Gift of 2,589,600 Equity Shares from Dr. Ramesh Kancharla to Kancharla Family Trust

- (f) There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

## 12. Details of Promoters' contribution and lock-in

- (i) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters shall be locked in for a period of three years as minimum promoters' contribution from the date of Allotment ("**Promoters' Contribution**"), and the Promoters' shareholding in excess of 20% of the fully diluted post- Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment, since the majority of the Gross Proceeds from the Fresh Issue are proposed to be utilized for capital expenditure. For details, see "*Objects of the Offer*" on page 112 of this Draft Red Herring Prospectus.
- (ii) Details of the Equity Shares to be locked-in three years from the date of Allotment as Promoters' Contribution are set forth in the table below:

| Name of the Promoter | Date of allotment of the Equity Shares* | Nature of transaction | Date of transaction and when made fully paid-up | Face Value (₹) | Offer / acquisition price per Equity Share (₹) | No. of Equity Shares locked-in <sup>(1)(2)</sup> | Percentage of the post- Offer paid-up capital (%) | Date up to which the Equity Shares are subject to lock-in |
|----------------------|-----------------------------------------|-----------------------|-------------------------------------------------|----------------|------------------------------------------------|--------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------|
| ●                    | ●                                       | ●                     | ●                                               | ●              | ●                                              | ●                                                | ●                                                 | ●                                                         |
| ●                    | ●                                       | ●                     | ●                                               | ●              | ●                                              | ●                                                | ●                                                 | ●                                                         |
| ●                    | ●                                       | ●                     | ●                                               | ●              | ●                                              | ●                                                | ●                                                 | ●                                                         |
| ●                    | ●                                       | ●                     | ●                                               | ●              | ●                                              | ●                                                | ●                                                 | ●                                                         |
|                      | <b>Total</b>                            |                       |                                                 |                |                                                | ●                                                | ●                                                 |                                                           |

\* Subject to finalisation of Basis of Allotment

(1) For a period of three years from the date of Allotment

(2) All Equity Shares were fully paid-up at the time of allotment/acquisition

- (iii) The Promoters have consented to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoters' Contribution. Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoters' Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.
- (iv) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:
- The Equity Shares offered for Promoters' Contribution do not include equity shares acquired in the three immediately preceding years (a) for consideration other than cash involving revaluation of assets or capitalisation of intangible assets and have not been issued against Equity Shares which are otherwise ineligible for Promoters' contribution; or (b) resulting from a bonus issue of equity shares out of revaluation reserves or unrealised profits of our Company or from a bonus issuance of equity shares against equity shares, which are otherwise ineligible for Promoters' Contribution;
  - The Promoter's Contribution does not include any Equity Shares acquired during the immediately

- preceding one year or are not arising out of securities allotted during the preceding year;
- Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm; and
- The Equity Shares forming part of the Promoters' Contribution are not subject to any pledge or any other encumbrance.

### **13. Details of other lock-in**

In addition to the Promoter's Contribution, which will be locked in for three years as specified above, the entire pre-Offer Equity Share capital of our Company will be locked in for a period of six months from the date of Allotment pursuant to Regulation 17 of the SEBI ICDR Regulations, except for (i) the Equity Shares which have been allotted to the employees under the ESOP Scheme pursuant to exercise of options held by such employees; (ii) the Equity Shares Allotted pursuant to the Offer; (iii) the Equity Shares held by VCFs, Category I or II AIFs or FVCIs, subject to certain conditions set out in Regulation 17 of the SEBI ICDR Regulations, provided that such Equity Shares will be locked-in for a period of at least 6 (six) months from the date of purchase by a VCF or Category I or II AIF or FVCI and (iv) the Equity Shares forming part of the Promoters' shareholding in excess of the Promoters' Contribution, i.e., 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment, since the majority of the Gross Proceeds from the Fresh Issue are proposed to be utilized for capital expenditure.

### **14. Lock-in of Equity Shares Allotted to Anchor Investors**

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

### **15. Recording on non-transferability of Equity Shares locked-in**

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

### **16. Other requirements in respect of lock-in**

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be pledged as collateral security for a loan granted by a scheduled commercial bank, a public financial institution, NBFC-SI or a deposit accepting housing finance company, subject to terms of the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, may be transferred to any member of our Promoter or a new promoter, subject to continuation of lock-in applicable with the transferee for the remaining period (and such transferees shall not be eligible to transfer until the expiry of the lock-in period) and compliance with provisions of the Takeover Regulations.

Further, in terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons other than our Promoter prior to the Offer and locked-in for a period of six months, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in with the transferee for the remaining period (and such transferees shall not be eligible to transfer until the expiry of the lock-in period) and compliance with the provisions of the Takeover Regulations.

### **17. Price at which Equity Shares were acquired in the last three years, by each of the Promoters, members of the Promoter Group, Selling Shareholders and shareholders entitled with right to nominate Directors or any other rights**

The details of the price at which Equity Shares were acquired in the three years preceding the filing of this Draft Red Herring Prospectus, by each of the Promoters, members of the Promoter Group, Selling Shareholders and shareholders entitled with right to nominate Directors or any other rights, are as follows:

| Sr. No.                                                                                 | Name of the acquirer              | Date of acquisition of Equity Shares | No. of Equity Shares acquired | Acquisition price per Equity Share (₹) <sup>@</sup> |
|-----------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------|-------------------------------|-----------------------------------------------------|
| Promoters                                                                               |                                   |                                      |                               |                                                     |
| 1.                                                                                      | Dr. Ramesh Kancharla              | October 22, 2021                     | 1,928,000                     | 140                                                 |
|                                                                                         |                                   | December 1, 2021                     | 18,424,642                    | Nil                                                 |
| 2.                                                                                      | Dr. Dinesh Kumar Chirla           | December 1, 2021                     | 4,280,000                     | Nil                                                 |
| 3.                                                                                      | Dr. Adarsh Kancharla              | November 15, 2021                    | 1,465,776                     | Nil                                                 |
|                                                                                         |                                   | December 1, 2021                     | 3,777,726                     | Nil                                                 |
| Members of the Promoter Group (other than the Promoters)                                |                                   |                                      |                               |                                                     |
| 4.                                                                                      | Padma Kancharla                   | December 1, 2021                     | 304,224                       | Nil                                                 |
| 5.                                                                                      | Kancharla Family Trust            | November 24, 2021                    | 2,589,600                     | Nil                                                 |
|                                                                                         |                                   | December 1, 2021                     | 2,589,600                     | Nil                                                 |
| 6.                                                                                      | Srinivas Talasila                 | November 15, 2021                    | 30,000                        | Nil                                                 |
|                                                                                         |                                   | December 1, 2021                     | 30,000                        | Nil                                                 |
| 7.                                                                                      | Ramadhara Naidu Kancharla         | November 10, 2021                    | 30,000                        | Nil                                                 |
|                                                                                         |                                   | December 1, 2021                     | 30,000                        | Nil                                                 |
| 8.                                                                                      | Sai Geeta Dinesh Trust            | November 20, 2021                    | 520,000                       | Nil                                                 |
|                                                                                         |                                   | December 1, 2021                     | 520,000                       | Nil                                                 |
| Selling Shareholders *                                                                  |                                   |                                      |                               |                                                     |
| 9.                                                                                      | CDC Group                         | December 1, 2021                     | 9,632,876                     | Nil                                                 |
| 10.                                                                                     | CDC India                         | December 1, 2021                     | 5,033,236                     | Nil                                                 |
| Shareholders entitled with right to nominate Directors or any other rights <sup>^</sup> |                                   |                                      |                               |                                                     |
| 11.                                                                                     | Dr. Ramesh Kancharla <sup>#</sup> | October 22, 2021                     | 1,928,000                     | 140                                                 |
|                                                                                         |                                   | December 1, 2021                     | 18,424,642                    | Nil                                                 |

<sup>@</sup> As certified by Madhu Mantri & Associates, Chartered Accountants, by way of their certificate dated December 24, 2021.

<sup>\*</sup> Except for the Promoters and Padma Kancharla, one of the members of the Promoter Group, who are also offering Equity Shares in the Offer for Sale, and details for whom are already presented earlier in the table.

<sup>#</sup> For details of Dr. Ramesh Kancharla's right to nominate directors, see "History and Certain Corporate Matters – Details of Shareholders' Agreements" on page 219 of this Draft Red Herring Prospectus.

<sup>^</sup> Except for CDC Group and CDC India, who also have a right to nominate directors, and details for whom are already presented earlier in the table. For details of their right to nominate directors, see "History and Certain Corporate Matters – Details of Shareholders' Agreements" on page 219 of this Draft Red Herring Prospectus.

No Preference Shares were acquired by any of the Promoters, members of the Promoter Group, Selling Shareholders and shareholders entitled with right to nominate directors or any other rights, in the three years preceding the filing of this Draft Red Herring Prospectus.

18. All Equity Shares issued and transferred pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.
19. As on the date of the Draft Red Herring Prospectus, the BRLMs and their respective associates, do not hold any Equity Shares of our Company.
20. As on the date of this Draft Red Herring Prospectus, all the Equity Shares held by our Promoters are held in dematerialized form.
21. Our Company, our Directors and the BRLMs have no existing buyback arrangements and or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.
22. Our Company shall ensure that any transaction in the securities of the Company by the Promoters and the Promoter Group during the period between the date of filing of this Draft Red Herring Prospectus and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.
23. Except as disclosed in "Capital Structure – Share capital history of our Company – Equity Share capital"

on page 87, our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.

24. As on the date of the filing of this Draft Red Herring Prospectus, our Company has 146 Shareholders.
25. Except as disclosed in “*Our Management- Shareholding of the Directors in our Company*” and “*Our Management- Shareholding of the Key Managerial Personnel*” on pages 231 and 247, none of the Directors and Key Managerial Personnel hold any Equity Shares as on the date of this Draft Red Herring Prospectus.
26. Except for the Promoter Selling Shareholders and Padma Kancharla who is offering Equity Shares in the Offer for Sale, none of the members of our Promoter Group will participate in the Offer nor receive any proceeds from the Offer.
27. No person including the Selling Shareholders, connected with the Offer shall offer or make payment of any incentive, whether direct or indirect, in any manner, whether in cash or kind or otherwise, to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.
28. Our Company shall ensure that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
29. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.

## OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and an Offer for Sale by the Selling Shareholders.

### Offer for Sale

Each of the Selling Shareholders will be entitled to its proceeds of the Offer for Sale, after deducting its portion of the Offer related expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale, and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. For further details of the Offer for Sale, see “*The Offer*” on page 67.

Other than (i) the listing fees for the Offer, which will be borne by our Company, and (ii) the fees and expenses of the legal counsel and the chartered accountants to the Selling Shareholders, if any, which will be borne by the respective Selling Shareholders, all cost, charges, fees and expenses in respect of the Offer will be shared amongst our Company and the Selling Shareholders on a pro-rata basis.

### Fresh Issue

#### Requirement of funds

We propose to utilise the Net Proceeds towards funding the following objects:

1. Early redemption of NCDs issued by our Company, in full;
2. Capital expenditure towards setting up of new hospitals and purchase of medical equipment for such new hospitals; and
3. General corporate purposes.

(collectively, the “**Objects**”).

In addition, we expect to achieve the benefits of listing of the Equity Shares on the Stock Exchanges which, we believe, will result in the enhancement of our brand name and creation of a public market for our Equity Shares in India.

The main objects clause of the Memorandum of Association enables us to: (i) to undertake its existing business activities; and (ii) undertake the activities proposed to be funded from the Net Proceeds.

#### Proceeds of the Fresh Issue

The details of the proceeds of the Fresh Issue are set forth below:

| (In ₹ million)                                                               |          |
|------------------------------------------------------------------------------|----------|
| Particulars                                                                  | Amount   |
| Gross proceeds of the Fresh Issue (“ <b>Gross Proceeds</b> ”)                | 2,800.00 |
| (Less) Offer related expenses in relation to the Fresh Issue <sup>(1)*</sup> | [●]      |
| <b>Net Proceeds*</b>                                                         | [●]      |

<sup>(1)</sup> All the fees and expenses relating to the Offer (other than the listing fees and the fees and expenses of the legal counsel and chartered accountants to the Selling Shareholders) shall be shared amongst our Company and the Selling Shareholders as set out above.

\* To be determined upon finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC.

#### Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in the following manner:

| (In ₹ million)                                                                                                   |          |
|------------------------------------------------------------------------------------------------------------------|----------|
| Particulars                                                                                                      | Amount   |
| Early redemption of NCDs issued by our Company, in full                                                          | 400.00   |
| Capital expenditure towards setting up of new hospitals and purchase of medical equipment for such new hospitals | 1,700.00 |
| General corporate purposes*                                                                                      | [●]      |
| <b>Total*</b>                                                                                                    | [●]      |

\* To be determined upon finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised

towards general corporate purposes shall not exceed 25% of the Net Proceeds.

### **Schedule of Implementation and Deployment of Net Proceeds**

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(In ₹ million)

| Particulars                                                                                                      | Amount to be funded from Net Proceeds | Estimated deployment of Net Proceeds |                     |                     |
|------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|---------------------|---------------------|
|                                                                                                                  |                                       | Financial Year 2023                  | Financial Year 2024 | Financial Year 2025 |
| Early redemption of NCDs issued by our Company, in full                                                          | 400.00                                | 400.00                               | -                   | -                   |
| Capital expenditure towards setting up of new hospitals and purchase of medical equipment for such new hospitals | 1,700.00                              | 1,065.00                             | 435.00              | 200.00              |
| General corporate purposes*                                                                                      | [●]                                   | [●]                                  | [●]                 | [●]                 |
| <b>Total*</b>                                                                                                    | [●]                                   | [●]                                  | [●]                 | [●]                 |

\* To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised towards general corporate purposes shall not exceed 25% of the Net Proceeds.

The deployment of funds indicated above is based on management estimates, current circumstances of our business and prevailing market conditions, which may be subject to change. The deployment of funds described herein has not been appraised by any bank or financial institution or any other independent agency. There may be variations in the actual utilization of funds earmarked for the purposes set forth above on account of various factors, such as financial and market conditions, competition, business and strategy and interest/exchange rate fluctuations owing to import of equipment and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. For details, see “Risk Factors - The objects of the Offer have not been appraised by any bank or financial institution. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control. Any variation in the utilization of the Net Proceeds or in the terms of the conditions as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders’ approval” on page 42.

Subject to applicable laws, in the event of any increase in the actual utilisation of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and/or debt arrangements from future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. If the actual utilisation towards any of the Objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Net Proceeds in accordance with the SEBI ICDR Regulations. If the Net Proceeds are not utilized (in full or in part) for the objects of the Offer during the period stated above due to factors such as (i) economic and business conditions; (ii) the timing of completion of the Offer; (iii) market conditions outside the control of our Company; and (iv) any other business and commercial considerations, the remaining Net Proceeds shall be utilized (in full or in part) in subsequent periods as may be determined by our Company, in accordance with applicable laws. For further details, see “Objects of the Offer – Variation in Objects” and “Risk Factors – The objects of the Offer have not been appraised by any bank or financial institution. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control. Any variation in the utilization of the Net Proceeds or in the terms of the conditions as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders’ approval ” on pages 124 and 42.

### **Details of the Objects of the Offer**

#### **1. Early redemption of Non-Convertible Debentures issued by our Company, in full**

Our Company has issued non-convertible debentures on certain specified terms and conditions (“NCDs”). For



further details of the NCDs, including indicative terms and conditions thereof, see “*Financial Indebtedness*” on page 369. As at September 30, 2021, the outstanding NCDs aggregated to ₹ 400 million.

Our Company proposes to utilise an aggregate amount of ₹400.00 million from the Net Proceeds towards early redemption of the NCDs in full. Our Company has obtained consent from CDC Emerging Markets India Limited on December 9, 2021 for such early redemption of the NCDs by utilizing the Net Proceeds. Depending on the nature of the NCDs and the terms of redemption, the aggregate outstanding amounts under the NCDs may vary from time to time.

The early redemption of the NCDs, in full, will help reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. In addition, we believe that our improved leverage ratio, consequent to such redemption of NCDs, will improve our ability to raise debt at a lower rate of interest in the future to fund potential business development opportunities and plans.

The following table provides details of the NCDs, which may be redeemed, in full, from the Net Proceeds to the extent of an aggregate amount of ₹ 400 million:

| Sr. No. | Name of debenture holder           | Amount sanctioned (in ₹ million) | Amount availed (in ₹ million) | Outstanding amount as per books of accounts (in ₹ million, as of September 30, 2021)* | Outstanding amount as per balance confirmation (in ₹ million, as of September 30, 2021)*^ | Amount utilized (in ₹ million) | Amount unutilized (in ₹ million)** | Purpose for which NCD is utilized                                                                                                                      |
|---------|------------------------------------|----------------------------------|-------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | CDC Emerging Markets India Limited | 1,000                            | 500                           | 397.40                                                                                | 400.00                                                                                    | 489.90                         | 10.10                              | Expansion and meeting the working capital requirement of the Company as per the Business Plan as stipulated in Clause 9.3 of the Debenture Trust Deed. |

\* Excludes interest accrued but not due as at September 30, 2021.

^ Difference between amount outstanding as at September 30, 2021 as per books of accounts and amount outstanding as per balance confirmation amounting to ₹ 2.60 million is on account of IND AS adjustments.

\*\* Total amount unutilized is ₹ 10.10 million, lying in fixed deposits held by the Company as at September 30, 2021.

(1) In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations which requires a certificate from the statutory auditor certifying the utilization of loan for the purpose availed, the Company has obtained the requisite certificate from B S R & Associates LLP, Chartered Accountants dated December 24, 2021.

(2) CDC Emerging Markets India Limited agreed to subscribe to 1,000 non-convertible debentures for an aggregate consideration of ₹ 1,000 million. However, pursuant to subsequent amendments including the Third Amendment Agreement to the DTD, dated June 29, 2018, CDC Emerging Markets India Limited was only issued 500 non-convertible debentures (out of which ₹ 400 million is outstanding as on September 30, 2021).

## 2. Capital expenditure towards setting up of new hospitals and purchase of medical equipment for such new hospitals

Our Company proposes to utilise ₹ 1,700 million from the Net Proceeds towards setting up new hospitals, of which (i) ₹ 1,000 million is proposed to be utilized towards expansion of our hospital network in India and (ii) ₹ 700 million is proposed to be utilised towards purchase of medical equipment for such new hospitals such as (i) critical care equipment; (ii) surgical equipment; (iii) radiology equipment; and (iv) medical furniture. Our Board in its meeting dated December 9, 2021 approved an amount of ₹ 1,700 million for the purpose of funding the

proposed expenditure as stated herein above from the Net Proceeds. Our Company has received quotations from various vendors for the proposed expenditure for the purchase of such equipment. No second hand or used equipment is proposed to be purchased out of the Net Proceeds.

As of September 30, 2021, we operate 14 hospitals and three clinics in six cities, with a total bed capacity of 1,500 beds. Our Company proposes to set up six new hospitals over the course of the next three Fiscals, i.e., (i) two hospitals in Hyderabad in Fiscal 2023, (ii) two hospitals in Bengaluru and NCR in Fiscal 2024, and (iii) two hospitals in Chennai and NCR in Fiscal 2025.

We follow a hub-and-spoke model in Hyderabad, with Banjara Hills Hospital (comprising of 250 beds) being the hub and four spokes at four locations in Hyderabad, namely, Secunderabad, LB Nagar, Kondapur and Hydernagar. At our hub hospital, we provide comprehensive outpatient and inpatient care with a focus on tertiary and quaternary care and, at our spokes, we provide secondary care in pediatric, obstetrics and gynecology and emergency services. Under this model, our super-specialty doctors based at our hub hospital are able to reach out to the larger community and cover a larger catchment area. This model has enabled us to evolve over the past two decades from a single secondary care hospital in Hyderabad to six hospitals in the city and as an established provider of tertiary and quaternary care services at our hub hospitals. This model has strengthened our market position in and around Hyderabad and provides us with synergies through referrals for tertiary and quaternary care to our hub arising from the spoke hospitals. We are implementing a similar hub-and-spoke model in Bengaluru as well. Our hub in Bengaluru (located at Marathahalli) is getting complex referrals from our spokes located at Bannerghatta Road and Hebbal. We plan to further expand our network of spokes in and around Bengaluru. We plan to increase capacity at both these locations by adding spokes. We also plan to replicate this model in Chennai and New Delhi-NCR, where we have hub hospitals, by adding spokes in these cities. We believe the hub and spoke model will enable us to provide comprehensive and accessible pediatric as well as perinatal services at these cities. For details, see “Our Business – Hub-and-spoke model that provides synergies and ensures better care and access for patients” on page 178.

The following table sets forth the growth in our total number of hospitals and bed capacity across India during Fiscals 2017, 2018, 2019, 2020 and 2021:

|                                  | Growth in hospitals and bed capacity in the last five Fiscals* |      |         |                                |                                           |
|----------------------------------|----------------------------------------------------------------|------|---------|--------------------------------|-------------------------------------------|
|                                  | 2017                                                           | 2018 | 2019    | 2020                           | 2021                                      |
| <b>Locations</b>                 | Bengaluru and Hyderabad                                        | NCR  | Chennai | NCR and Hyderabad              | Bengaluru and Vishakhapatnam              |
| <b>Number of hospitals added</b> | 2                                                              | 1    | 1       | 2                              | 2                                         |
| <b>Number of beds added</b>      | 102 in Bengaluru and 100 in Hyderabad                          | 133  | 135     | 24 in NCR and 110 in Hyderabad | 50 in Bengaluru and 129 in Vishakhapatnam |

\* As certified by Madhu Mantri & Associates, Chartered Accountants, by way of their certificate dated December 24, 2021.

The following table sets forth our expansion plan in terms of the total number of hospitals proposed to be set up and expansion of bed capacity across India over the course of the next three Fiscals. Our Board in its meeting dated December 9, 2021 has approved this expansion plan:

|                                                 | Expansion planned in number of hospitals and bed capacity |                   |                 |
|-------------------------------------------------|-----------------------------------------------------------|-------------------|-----------------|
|                                                 | 2023                                                      | 2024              | 2025            |
| <b>Locations</b>                                | Hyderabad                                                 | Bengaluru and NCR | Chennai and NCR |
| <b>Number of hospitals proposed to be added</b> | 2                                                         | 2                 | 2               |
| <b>Number of beds proposed to be added</b>      | 160                                                       | 150               | 220             |

The premises for these proposed hospitals are expected to be taken on lease or sub-lease basis. New hospitals are typically set up by identifying the relevant property, post which we undertake a legal due diligence on such property. Thereafter, we enter into a binding agreement to lease such property, which typically provides for a six

to 10 months rent-free period, so as to enable us to complete the requisite infrastructure work for such hospital, and to receive the occupancy certificate and fire NOC from the relevant authorities. Thereafter, we enter into lease deeds with the lessors, pursuant to which the rentals become due.

As on the date of this Draft Red Herring Prospectus, our Company has entered into one MoU for the property situated at Himayat Nagar in Hyderabad for the new hospital proposed to be added in Fiscal 2023. For the remaining new hospitals proposed to be added in Fiscals 2023, 2024 and 2025, i.e., (i) an additional new hospital in Hyderabad in Fiscal 2023, (ii) two new hospitals in Bengaluru and NCR in Fiscal 2024, and (iii) two new hospitals in Chennai and NCR in Fiscal 2025, our Company has not entered into any non-binding MoU or identified specific locations within these respective cities for setting up the new hospitals. The locations for these new hospitals will be decided by the management of our Company, post the Offer, based on management estimates, due diligence of the properties and market conditions. Any delay in identifying the locations or entering into binding agreements will impact our proposed schedule of implementation and deployment of Net Proceeds, and, consequently, our expansion plans in terms of the total number of hospitals proposed to be set up and expansion of bed capacity across India over the course of the next three Fiscals. For further details, please see, “Risk Factors – We have not entered into any definitive agreements for the new hospitals which we propose to set up and where we propose to incur capital expenditure by utilizing our Net Proceeds.” on page 54.

The capital expenditure to be incurred by our Company for the purpose of setting up these hospitals includes costs with respect to civil, interior and furnishing works, mechanical, electrical and plumbing works, and procurement of medical infrastructure and IT components. The total estimated cost of such capital expenditure, as per the quotations received from various vendors is ₹ 2,440.51 million, and we intend to utilise ₹ 1,000 million out of the Net Proceeds for the proposed capital expenditure. The remaining cost of such capital expenditure shall be met from our identifiable internal accruals.

While our Company proposes to set up the hospitals and expand its bed capacity in line with the expansion plans set out in the table above, it is possible that based on the availability of suitable location, size of location, proximity of hub, etc., the capital expenditure towards setting up of specific number of new hospitals or purchase of new equipment for the new hospitals may vary from the timeline provided above

Since we use a hub-and-spoke model, we typically choose the location of the hospital, after evaluating various factors such as the distance from the hub, the local target customer base, the availability of required space for the hospital and easy accessibility for emergency care. From Fiscal 2017 until the date of filing this Draft Red Herring Prospectus, the Company has added 783 beds across eight new hospitals. The size of the hospitals varies according to the nature of services provided (whether spoke or hub). Based on such assumption, the estimated average capital expenditure ranges between ₹ 5.50 million and ₹ 6.00 million per bed, and we have accordingly estimated the approximate capital expenditure for each location where we propose to set up new hospitals.

The costs of setting up new hospitals (as certified by Madhu Mantri & Associates, Chartered Accountants, by way of their certificate dated December 24, 2021) primarily comprises the following:

- (a) *Civil, interior and furnishing works:* These costs include, amongst other things, civil and interior works, fabrication, façade, external development, branding and internal and external signage. The table below sets forth the basis of our estimation for the cost of civil works:

| Particulars                                                               | Total estimated costs including GST (in ₹ million) * |               |               |
|---------------------------------------------------------------------------|------------------------------------------------------|---------------|---------------|
|                                                                           | 2023                                                 | 2024          | 2025          |
| Civil and interior works                                                  | 302.57                                               | 228.68        | 550.34        |
| Mild Still (MS) fabrication, façade and external development works        | 15.50                                                | 11.85         | 27.62         |
| Branding and internal and external signages as per approved design intent | 25.18                                                | 19.26         | 44.89         |
| <b>Total estimated costs for civil, interior and furnishing works</b>     | <b>343.25</b>                                        | <b>259.79</b> | <b>622.85</b> |

\* Based on quotation received from Orenda Enterprises LLP dated October 8, 2021, which is valid for a period of one year each.

- (b) *Mechanical, electrical and plumbing works:* These costs include, amongst other things, installing diesel generator set, solar power, building management system and passive works. The table below sets forth the basis of our estimation for the cost of mechanical, electrical and plumbing works:

| Particulars                                                                                                                                                           | Total estimated costs including GST (in ₹ million)* |               |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------|---------------|
|                                                                                                                                                                       | 2023                                                | 2024          | 2025          |
| Heating, ventilation, and air conditioning (HVAC) low side and high side, chiller, electrical, light fittings, plumbing (core cut)                                    | 118.50                                              | 94.82         | 221.48        |
| Hot water system (solar), Reverse Osmosis Plant, Sewage Treatment Plant (STP)/Water Treatment Plant (WTP), Chrome Plated Sanitary and toilet accessories, Grease trap | 29.50                                               | 21.03         | 46.07         |
| Firefighting, FA/PA, Closed Circuit Television (CCTV)/ Access Control System (ACS), Passive works, BMS                                                                | 37.57                                               | 36.11         | 91.91         |
| NCS, Electronic Private Automatic Branch Exchange. (EPABX) and Telephone, Diesel Generator (DG), Uninterruptible Power Supply (UPS), Solar Power, Lifts               | 43.47                                               | 35.60         | 89.59         |
| <b>Total estimated costs for mechanical, electrical and plumbing works</b>                                                                                            | <b>229.04</b>                                       | <b>187.56</b> | <b>449.05</b> |

\* Based on quotations received from 3S Temple Projects Private Limited dated November 3, 2021 and November 8, 2021, which are valid for a period of one year each.

- (c) *Medical infrastructure:* These costs include, amongst other things, bed head panels, oxygen generators, kitchen equipment, modular OT. The table below sets forth the basis of our estimation for the cost medical infrastructure:

| Particulars                                             | Total estimated costs including GST (in ₹ million) * |              |               |
|---------------------------------------------------------|------------------------------------------------------|--------------|---------------|
|                                                         | 2023                                                 | 2024         | 2025          |
| Patient Curtains                                        | 1.50                                                 | 1.12         | 2.61          |
| Modular Operation Theatre                               | 21.67                                                | 16.17        | 28.36         |
| Medical Gas Pipeline System                             | 23.10                                                | 16.84        | 39.26         |
| Pneumatic                                               | -                                                    | 2.35         | 9.18          |
| Bed Head Panels                                         | 2.31                                                 | 1.70         | 3.95          |
| Oxygen Generator                                        | 16.42                                                | 13.49        | 25.32         |
| Others                                                  | 3.90                                                 | 2.82         | 6.57          |
| <b>Total estimated costs for Medical infrastructure</b> | <b>68.90</b>                                         | <b>54.49</b> | <b>115.25</b> |

\* Based on quotation received from Acuitic Consulting Engineers dated November 4, 2021, which is

valid for a period of one year.

- (d) *IT components*: These costs would include, amongst other things, core switch, firewall, Wi-Fi controller and access point. The table below sets forth the basis of our estimation for the cost of mechanical, electrical and plumbing works:

| Particulars                                    | Total estimated costs including GST (in ₹ million)* |              |              |
|------------------------------------------------|-----------------------------------------------------|--------------|--------------|
|                                                | 2023                                                | 2024         | 2025         |
| Core Switch                                    | 5.66                                                | 5.66         | 5.66         |
| Switches with lifetime warranty (48 POE)       | 2.89                                                | 1.65         | 6.61         |
| Switches with lifetime warranty (48 Non - POE) | 6.75                                                | 3.68         | 10.43        |
| Firewall with 3-year warranty                  | 4.48                                                | 3.95         | 4.48         |
| Wi-Fi Controller and AP with 3-year warranty   | 6.49                                                | 5.27         | 8.73         |
| Access Point                                   | 7.97                                                | 3.50         | 12.21        |
| Video Conferencing Equipment                   | 1.42                                                | 1.42         | 1.42         |
| <b>Total estimated costs for IT components</b> | <b>35.66</b>                                        | <b>25.13</b> | <b>49.54</b> |

\* Based on quotation received from Global networks dated November 5, 2021, which is valid for a period of one year.

With a focus on expanding and growing our multi-speciality healthcare services to meet the growing requirement in the medical sector, we plan to acquire a wide range of advanced and diverse medical equipment. We propose to purchase the medical equipment using the Net Proceeds, and to utilize such medical equipment in certain of the new hospitals proposed to be set up in Fiscals 2023, 2024 and 2025, as disclosed above. Our total estimated cost of purchase of equipment as per the quotations received from various vendors is ₹ 1,170.15 million, and we intend to utilise ₹ 700 million out of the Net Proceeds for the purchase of medical equipment, and the remaining expenses shall be met from our internal accruals. No second hand or used equipment is proposed to be purchased out of the Net Proceeds.

The breakdown of such estimated costs (as certified by Madhu Mantri & Associates, Chartered Accountants, by way of their certificate dated December 24, 2021) is set forth below:

| (amount in ₹ million) |                                        |                                                                                           |                                                       |                                                            |                                                            |                                                            |
|-----------------------|----------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| S. No.                | Description of Equipment               | Name of the vendor                                                                        | Date of quotation*                                    | Estimated cost including GST in Fiscal 2023 (in ₹ million) | Estimated cost including GST in Fiscal 2024 (in ₹ million) | Estimated cost including GST in Fiscal 2025 (in ₹ million) |
| 1.                    | Critical Care Equipment <sup>(1)</sup> | Wipro GE Healthcare Private Limited, Philips Healthcare and Draeger India Private Limited | October 6, 2021 and July 10, 2021 and October 6, 2021 | 200.08                                                     | 160.18                                                     | 247.16                                                     |
| 2.                    | Surgical Equipment <sup>(2)</sup>      | Bet Medical Private Limited, Wipro GE and                                                 | October 28, 2021, October 6, 2021                     | 78.30                                                      | 62.52                                                      | 81.93                                                      |

| S. No.       | Description of Equipment               | Name of the vendor                                                                             | Date of quotation*                                      | Estimated cost including GST in Fiscal 2023 (in ₹ million) | Estimated cost including GST in Fiscal 2024 (in ₹ million) | Estimated cost including GST in Fiscal 2025 (in ₹ million) |
|--------------|----------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
|              | )                                      | Karl Storz Endoscopy India Private Limited                                                     | and October 30, 2021                                    |                                                            |                                                            |                                                            |
| 3.           | Radiology Equipment <sup>(3)</sup>     | Fuji Film Sonosite, Wipro GE and Nihon Kohden                                                  | October 9, 2021, October 6, 2021 and October 28, 2021   | 49.17                                                      | 49.07                                                      | 62.71                                                      |
| 4.           | Medical Furniture <sup>(4)</sup>       | Arjo Huntleigh Healthcare India Private Ltd and Vasu Vaccines Speciality Drugs Private Limited | November 1, 2021 and October 13, 2021                   | 52.66                                                      | 34.56                                                      | 66.50                                                      |
| 5.           | Other medical equipment <sup>(5)</sup> | Machine Fabric Industries Private Limited, Impulse Biotech and Paramount Healthcare.           | October 27, 2021, November 1, 2021 and November 1, 2021 | 8.52                                                       | 7.74                                                       | 9.05                                                       |
| <b>Total</b> |                                        |                                                                                                |                                                         | <b>388.73</b>                                              | <b>314.07</b>                                              | <b>467.35</b>                                              |

\* The quotations received from these vendors are valid for a period of one year from the date of receipt.

- (1) Critical care equipment is used in intensive care units (NICU/PICU and MICU) to diagnose and treat critical illness, which requires continuance and constant monitoring and support from specialised equipment and medical team. Such equipment includes ventilators, incubators, infusion pumps, anaesthesia, CRRT and body cooling machines.
- (2) Surgical equipment is used to perform various surgeries including cardiac surgeries, neurosurgeries, general surgeries, minimally invasive surgeries and organ transplants.
- (3) Radiology is a medical speciality that uses imaging to diagnose and treat diseases with the help of imaging techniques. We use a range of equipment for this purpose, including CT machine, MRI machine, ultrasound equipment, X-Ray and mobile X-Ray machine.
- (4) Medical furniture is required to cater to the safety and comfort of a patient during the course of treatment and includes Central Sterile Services Department (CSSD) furniture, scrub stations for operation theatres and intensive care units, hospital beds, carts, etc.
- (5) Other medical equipment primarily includes supporting medical equipment such as blood pressure apparatus, medical gas pipeline system, nebulizers, suction, ophthalmoscopes and weighing scales.

Our Company shall have the flexibility to deploy the equipment to replace any existing equipment or set up new equipment in the newly expanded portion, as proposed as per the internal estimates of our management and business requirements. This may vary depending on the demand for replacement in our existing equipment. The actual mode of deployment has not been finalised as on the date of this Draft Red Herring Prospectus. For further details, see “Risk Factors –The objects of the Offer have not been appraised by any bank or financial institution. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control. Any variation in the utilization of the Net Proceeds or in the terms of the conditions as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders’ approval.” on page 42.

Our Company has not entered into any definitive agreements with any or all of these contractors/vendors and there can be no assurance that the same contractors/vendors would be engaged to eventually supply the

materials/equipment or at the same costs. The quantity of equipment to be purchased is based on the present estimates of our management. All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. If we engage someone other than the identified third-party vendors from whom we have obtained quotations or if the quotations obtained expire, such vendor's estimates and actual costs for the equipment may differ from the current estimates.

Our Promoters, Promoter Group, Directors and KMPs have no interest in the proposed procurements stated above.

### **3. General corporate purposes**

We propose to deploy the balance Net Proceeds aggregating to ₹ [●] million (net of expenses in relation to the Fresh Issue) towards general corporate purposes, subject to such utilisation not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which we propose to utilise the Net Proceeds include payment of salary and allowances to our employees and Key Managerial Personnel, marketing and business development expenses towards professional charges, contract wages, repairs and maintenance, business promotion and advertisement, printing and stationery expenses, professional, legal and consultancy fees and investment in our Subsidiaries. In addition to the above, we may utilise the Net Proceeds towards other expenditure in the ordinary course of business, as considered expedient and as approved periodically by our Board or a duly constituted committee thereof, subject to compliance with applicable law, including the necessary provisions of the Companies Act.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and our business requirements, from time to time. Our management, in accordance with the policies of our Board, shall have flexibility in utilising surplus amounts, if any.

#### ***Means of Finance***

The funding requirements for the Objects are proposed to be entirely funded from the Net Proceeds and internal accruals. Accordingly, we confirm that there is no requirement to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals, as prescribed under the SEBI ICDR Regulations. Subject to applicable law, if the actual utilisation towards the Objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Net Proceeds in accordance with Regulation 7(2) of the SEBI ICDR Regulations. In case of a shortfall in raising the requisite capital from the Net Proceeds or an increase in the total estimated cost of the Objects, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. Further, in case of variations in the actual utilisation of funds earmarked for the purpose set forth above, increased funding requirements for a particular purpose may be financed by surplus funds, if any, available in respect of other purposes for which funds are being raised in the Fresh Issue. For further details, see *“Risk Factors – The objects of the Offer have not been appraised by any bank or financial institution. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control. Any variation in the utilization of the Net Proceeds or in the terms of the conditions as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders’ approval”* on page 42. We may vary the Objects in the manner provided in *“Objects of the Offer – Variation in Objects”* on page 123.

#### ***Interim use of Net Proceeds***

We, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits only in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended, as may be approved by our Board or a duly constituted committee thereof.

In accordance with the Companies Act, 2013, we confirm that we shall not use the Net Proceeds for buying,

trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

### Bridge Financing Facilities

We have not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

### Offer Expenses

The total Offer related expenses are estimated to be approximately ₹ [●] million. The Offer related expenses consist of listing fees, underwriting fees, selling commission and brokerage, fees payable to the BRLMs, legal counsels, Registrar to the Offer, Escrow Collection Bank, Public Offer Account Bank, Refund Bank including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

Other than (i) the listing fees for the Offer, which will be borne by our Company, and (ii) the fees and expenses of the legal counsel and the chartered accountants to the Selling Shareholders, if any, which will be borne by the respective Selling Shareholders, all cost, charges, fees and expenses in respect of the Offer will be shared amongst our Company and the Selling Shareholders on a pro-rata basis.

The break-up for the estimated Offer expenses are as follows:

| Activity                                                                                                                                                                                                                                                                        | Estimated expenses <sup>(1)</sup><br>(₹ in million) | As a % of total<br>estimated Offer<br>related expenses <sup>(1)</sup> | As a % of Offer<br>size <sup>(1)</sup> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------|
| Fees payable to the BRLMs including underwriting commission, brokerage and selling commission, as applicable                                                                                                                                                                    | [●]                                                 | [●]                                                                   | [●]                                    |
| Advertising and marketing expenses                                                                                                                                                                                                                                              | [●]                                                 | [●]                                                                   | [●]                                    |
| Printing and stationery expenses                                                                                                                                                                                                                                                |                                                     |                                                                       |                                        |
| Fees payable to Registrar to the Offer                                                                                                                                                                                                                                          | [●]                                                 | [●]                                                                   | [●]                                    |
| Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs<br>(2)(3)(4)(5)(6)                                    | [●]                                                 | [●]                                                                   | [●]                                    |
| Others (Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software fees and other regulatory expenses, fees for the legal counsel, Statutory Auditor, and the Independent Chartered Accountant appointed for the purpose of the Offer etc.) | [●]                                                 | [●]                                                                   | [●]                                    |
| <b>Total estimated Offer expenses</b>                                                                                                                                                                                                                                           | [●]                                                 | [●]                                                                   | [●]                                    |

<sup>(1)</sup> Amounts will be finalised and incorporated in the Prospectus on determination of the Offer Price.

<sup>(2)</sup> Selling commission payable to the SCSBs on the portion of Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the SCSBs, would be as follows:

|                                               |                                                      |
|-----------------------------------------------|------------------------------------------------------|
| <b>Portion for Retail Individual Bidders*</b> | [●]/% of the Amount Allotted (plus applicable taxes) |
| <b>Portion for Non-Institutional Bidders*</b> | [●]/% of the Amount Allotted (plus applicable taxes) |

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

No additional bidding charges shall be payable by the Company and Selling Shareholders to the SCSBs on the applications directly procured by them

<sup>(3)</sup> Processing fees payable to the SCSBs on the portion for Retail Individual Bidder and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/CDPs and submitted to SCSB for blocking would be as follows:

|                                               |                                                      |
|-----------------------------------------------|------------------------------------------------------|
| <b>Portion for Retail Individual Bidders*</b> | [●]/% of the Amount Allotted (plus applicable taxes) |
|-----------------------------------------------|------------------------------------------------------|



|                                               |                                                            |
|-----------------------------------------------|------------------------------------------------------------|
| <b>Portion for Non-Institutional Bidders*</b> | <b>[●]% of the Amount Allotted (plus applicable taxes)</b> |
|-----------------------------------------------|------------------------------------------------------------|

\* For each valid application

- (4) Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by Syndicate Member (including their sub Syndicate Members) would be as follows:

|                                               |                                                            |
|-----------------------------------------------|------------------------------------------------------------|
| <b>Portion for Retail Individual Bidders*</b> | <b>[●]% of the Amount Allotted (plus applicable taxes)</b> |
| <b>Portion for Non-Institutional Bidders*</b> | <b>[●]% of the Amount Allotted (plus applicable taxes)</b> |

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

- (5) Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the Registered Brokers, RTAs/CDPs would be as follows:

|                                               |                                                            |
|-----------------------------------------------|------------------------------------------------------------|
| <b>Portion for Retail Individual Bidders*</b> | <b>₹ [●] per valid application (plus applicable taxes)</b> |
| <b>Portion for Non-Institutional Bidders*</b> | <b>₹ [●] per valid application (plus applicable taxes)</b> |

\* Based on valid applications.

\* Amount of selling commission payable to Registered Brokers, RTAs/CDPs shall be determined on the basis of applications which have been considered eligible for the purpose of Allotment. In order to determine to which RTAs/CDPs the commission is payable to, the terminal from which the bid has been uploaded will be taken into account. The bidding charges payable shall be subject to total commission payable being maximum of ₹ [●] plus applicable taxes.

- (6) The Processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows

|                                                                                                |                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Payable to Members of the Syndicate including their sub-Syndicate Members)/ RTAs / CDPs</b> | <b>₹ [●] per valid application (plus applicable taxes)</b>                                                                                                                                                                                                                                                                                              |
| <b>Sponsor Bank</b>                                                                            | <b>₹ [●] per valid Bid cum Application Form* (plus applicable taxes)</b><br>The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws. |

The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

### Appraising Entity

None of the Objects for which the Net Proceeds will be utilised have been appraised by any agency, including any banks or financial institutions.

### Monitoring Agency

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company will appoint a monitoring agency for monitoring the utilisation of the Net Proceeds. Our Audit Committee and the monitoring agency will monitor the utilisation of the Net Proceeds and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilisation of the Net Proceeds, including any interim use, under a separate head in our balance sheet for such fiscals as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such unutilised Net Proceeds.

Pursuant to the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. The Audit Committee will make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain

unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee. Committee. Further, in accordance with Regulation 32(6) of the SEBI Listing Regulations, our Company shall submit to the Stock Exchanges any comments or report received from the Monitoring Agency within 45 days from the end of each quarter.

### **Variation in Objects**

In accordance with the Companies Act, 2013, our Company shall not vary the objects of the Fresh Issue without being authorised to do so by our Shareholders by way of a special resolution through a postal ballot. In addition, the notice issued to our Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act, 2013 and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Telugu, the regional language of the jurisdiction where our Registered Office is located. In accordance with the Companies Act, 2013, our Promoters will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with our Articles of Association, the Companies Act, 2013 and the SEBI ICDR Regulations.

### **Other Confirmations**

Except to the extent of the proceeds received pursuant to the Offer for Sale, no part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Promoter Group, our Directors, our Key Managerial Personnel or our Group Companies and except in the normal course of business and in compliance with applicable law, there are no existing or anticipated transactions in relation to utilisation of Net Proceeds with our Promoters, Promoter Group, our Directors, our Key Managerial Personnel or our Group Companies.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price of the Price Band. Bidders should also see “Our Business”, “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” on pages 174, 35, 343 and 259, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are as follows:

- Our ability to conceptualize, create and operate specialized children’s hospitals;
- Leading pediatric multi-specialty healthcare chain with strong clinical expertise in managing complex diseases;
- Comprehensive perinatal care provider, with synergies between pediatric and obstetrics and gynecology services;
- Hub-and-spoke model that provides synergies and ensures better care and access for patients;
- Proven ability to attract, train and retain high-caliber medical professionals;
- Strong track record of growth, operational and financial performance; and
- Experienced senior management team with strong institutional shareholder support.

For details, see “Our Business – Our Strengths” on page 136.

### Quantitative Factors

Some of the information presented below relating to our Company is derived from the Other Financial Information. For details, see “Other Financial Information” on page 338.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

#### A. Basic and Diluted Earnings Per Share (“EPS”) at face value of ₹ 10, as adjusted for change in capital:

| Financial year/period ended                 | Basic EPS (in ₹) <sup>(1)(2)</sup> | Diluted EPS (in ₹) <sup>(1)(2)</sup> | Weight |
|---------------------------------------------|------------------------------------|--------------------------------------|--------|
| March 31, 2021                              | 4.36                               | 4.25                                 | 3      |
| March 31, 2020                              | 5.98                               | 5.92                                 | 2      |
| March 31, 2019                              | 4.83                               | 4.74                                 | 1      |
| <b>Weighted average<sup>§</sup></b>         | <b>4.98</b>                        | <b>4.89</b>                          |        |
| Six months period ended September 30, 2021* | 8.78                               | 8.62                                 |        |

Notes:

<sup>(1)</sup>Pursuant to a board resolution dated November 27, 2021 and shareholders resolution dated November 30, 2021, bonus equity shares have been issued in the ratio of 1:1 for every one equity share and every one preference share held. For calculation of EPS, bonus equity shares have been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented.

<sup>(2)</sup> Pursuant to board resolutions dated October 14, 2021 and October 22, 2021, the Company has issued and allotted equity shares through rights issue to an existing shareholder on 22 October 2021. The exercise price is less than the fair value of the equity shares and hence the inherent discount is similar to a bonus issue as per Ind AS 33. In line with the requirements of Ind AS 33, for the purpose of EPS calculations and for Net asset value per equity share, the bonus element in rights issue of shares has been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented. The equity shares allotted through a rights issue (excluding the bonus element thereon) and the bonus shares issued in the ratio of 1:1 for such rights issue have not been considered for the purpose of computation of EPS and Net asset value.

\* Basic EPS and Diluted EPS for the Six months period ended September 30, 2021 are not annualized.

(i) Basic and diluted earnings per Equity Share are computed in accordance with Ind AS 33 'Earnings per Share' prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with the requirement of SEBI ICDR Regulations.

(ii) Basic EPS = Profit for the period/year attributable to the Owners of the Company divided by weighted average number of ordinary shares outstanding during the period / year – basic

(iii) Diluted EPS = Profit for the period/year attributable to the Owners of the Company divided by weighted average number of ordinary shares outstanding during the period / year – diluted

(iv) Weighted average number of ordinary Shares is the number of shares outstanding at the beginning of the year adjusted by the number of shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

(v) Weighted Average basic and diluted EPS is a product of basic and diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight. Weights applied have been determined by the management of the Company.

<sup>§</sup>Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights.

#### B. Price/Earning ("P/E") ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share:

| Particulars                                        | P/E at the lower end of the Price Band (no. of times) | P/E at the higher end of the Price Band (no. of times) |
|----------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|
| Based on basic EPS for year ended March 31, 2021   | [●]                                                   | [●]                                                    |
| Based on diluted EPS for year ended March 31, 2021 | [●]                                                   | [●]                                                    |

#### Industry P/E ratio\*

| Particulars | P/E     |
|-------------|---------|
| Highest     | 485.29x |
| Lowest      | N.A.    |
| Average     | N.A.    |

\*Source: The highest, lowest and average Industry P/E shown above is based on the industry peer set provided below under "Comparison with Listed Industry Peers" on page 126.

#### C. Return on Net Worth ("RoNW") as adjusted for change in capital:

| Financial year/ period ended                | RoNW (%)     | Weight |
|---------------------------------------------|--------------|--------|
| March 31, 2021                              | 8.88         | 3      |
| March 31, 2020                              | 13.68        | 2      |
| March 31, 2019                              | 12.01        | 1      |
| <b>Weighted Average</b>                     | <b>11.00</b> |        |
| Six months period ended September 30, 2021* | 15.68        |        |

Notes:

RoNW=Restated Profit for the period/year divided by Net Worth.

'Net worth' has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

\*RoNW for the Six-months period ended September 30, 2021 is not annualized

#### D. Net Asset Value ("NAV") per equity share, as adjusted for change in capital:

| NAV per Equity Share <sup>(1)</sup> | (in ₹) |
|-------------------------------------|--------|
| As on September 30, 2021            | 56.82  |
| As on March 31, 2021                | 48.82  |
| At Floor Price                      | ●      |
| At Cap Price                        | ●      |
| At Offer Price                      | ●      |

Net Asset Value per equity share (₹): Net assets at the end of the respective periods divided by number equity shares outstanding at the end of respective periods. Net Assets means total assets minus total liabilities.

<sup>(1)</sup> Pursuant to a board resolution dated November 27, 2021 and shareholders resolution dated November 30, 2021, bonus equity shares have been issued in the ratio of 1:1 for every one equity share and every one preference share held. For calculation of EPS and Net asset value per equity share, bonus equity shares have been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented.

Pursuant to board resolutions dated October 14, 2021 and October 22, 2021, the Company has issued and allotted equity shares through rights issue to an existing shareholder on 22 October 2021. The exercise price is less than the fair value of the equity shares and hence the inherent discount is similar to a bonus issue as per Ind AS 33. In line with the requirements of Ind AS 33 for the purpose of EPS calculations and for Net asset value per equity share, the bonus element in rights issue of shares has been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented. The equity shares allotted through a rights issue (excluding the bonus element thereon) and the bonus shares issued in the ratio of 1:1 for such rights issue have not been considered for the purpose of computation of EPS and Net asset value.

## E. Comparison with Listed Industry Peers

Following is the comparison with our peer group companies listed in India and in the same line of business as our Company:

| Name of the company                           | Consolidated / Standalone | Total Income for Fiscal 2021 (₹ in million) | Face Value per Equity Share (₹) | P/E <sup>(3)</sup> | EPS for Fiscal 2021 (₹) |                        | Return on Net Worth ('RoNW') for Fiscal 2021 (%) <sup>(4)</sup> | Net Asset Value/ Share as at March 31, 2021 (₹) <sup>(2)</sup> |
|-----------------------------------------------|---------------------------|---------------------------------------------|---------------------------------|--------------------|-------------------------|------------------------|-----------------------------------------------------------------|----------------------------------------------------------------|
|                                               |                           |                                             |                                 |                    | Basic                   | Diluted <sup>(1)</sup> |                                                                 |                                                                |
| Company*                                      |                           | 6,603.10                                    | 10                              | NA                 | 4.36                    | 4.25                   | 8.88%                                                           | 48.82                                                          |
| Peer Group                                    |                           |                                             |                                 |                    |                         |                        |                                                                 |                                                                |
| Apollo Hospitals Enterprise Limited           | Consolidated              | 106,050.00                                  | 5                               | 485.29             | 10.74                   | 10.74                  | 3.30%                                                           | 320.10                                                         |
| Fortis Healthcare Limited                     | Consolidated              | 40,766.80                                   | 10                              | NA                 | (1.45)                  | (1.45)                 | (0.75%)                                                         | 81.06                                                          |
| Narayana Hrudalaya Limited                    | Consolidated              | 26,105.22                                   | 10                              | NA                 | (0.70)                  | (0.70)                 | (1.46%)                                                         | 54.82                                                          |
| Max Healthcare Institute Limited              | Consolidated              | 26,194.10                                   | 10                              | NA                 | (1.59)                  | (1.59)                 | (2.47%)                                                         | 58.37                                                          |
| Krishna Institute of Medical Sciences Limited | Consolidated              | 13,401.02                                   | 10                              | 51.17              | 26.87                   | 26.42                  | 23.74%                                                          | 111.32                                                         |

\* Based on Restated Consolidated Financial Information.

# Financial Information of the Peer group companies has been sourced from the financial statements for the year ended March 31, 2021 as disclosed on the website of the Stock Exchanges

Notes:

1) Diluted EPS refers to the Diluted EPS sourced from the financial statements of the respective peer group companies for the year ended March 31, 2021.

(2) NAV is computed as the closing net worth divided by the closing outstanding number of equity shares as on March 31, 2021.

(3) P/E Ratio has been computed based on the closing market price of equity shares on NSE on December 14, 2021, divided by the Diluted EPS provided under Note 1 above.

(4) RoNW is computed as net profit after tax (including profit attributable to non-controlling interest) divided by closing net worth. Closing net worth has been computed as sum of paid-up share capital and other equity as on March 31, 2021.

**F. The Offer Price is [●] times the face value of the Equity Shares**

The Offer Price of ₹ [●] has been determined by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Other Financial Information*” on pages 35, 174, 343 and 338, respectively, to have a more informed view.

The trading price of the Equity Shares could decline due to the factors mentioned in the “*Risk Factors*” on page 35 and you may lose all or part of your investment.

## STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors  
Rainbow Children's Medicare Limited  
(formerly known as Rainbow Children's Medicare Private Limited)  
8-2-19/A, Daulet Arcade, Road No 11,  
Banjara Hills, Hyderabad – 500 034.  
Telangana, India

24 December 2021

**Subject: Statement of possible special tax benefits ("the Statement") available to Rainbow Children's Medicare Limited (Formerly known as 'Rainbow Children's Medicare Private Limited') ("the Company") and its shareholders (the "Shareholders") prepared in accordance with the requirement under Schedule VI – Part A - Clause (9) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the SEBI ICDR Regulations")**

Dear Sirs,

This report is issued in accordance with the engagement letter dated 18 September 2021.

We hereby report that the enclosed Annexure I and Annexure II prepared by the Company, initialed by us for identification purpose, states the possible special tax benefits available to the Company and to the Shareholders under direct and indirect taxes as stated in Annexure I (together with the Act, **"the Tax Laws"**), presently in force in India as on the signing date, which are defined in Annexure I.

These possible special tax benefits are dependent on the Company and the Shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and the Shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and the Shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure I cover the possible special tax benefits available to the Company and the Shareholders and do not cover any general tax benefits available to Company and its shareholders. Further, the preparation of the enclosed Annexure I and II and its contents is the responsibility of the Management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares of the Company comprising fresh issue of equity shares by the Company and offer for sale of equity shares by certain Shareholders (the **"Proposed Offer"**) particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither are we suggesting nor are we advising the investors to invest money based on this Statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (**"Guidance Note"**) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We do not express any opinion or provide any assurance as to whether:

- i) the Company and the Shareholders will continue to obtain these possible special tax benefits in future; or
- ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be

met with.

The contents of enclosed Annexure are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this Statement in the Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus and in any other material used in connection with the Proposed Offer, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B S R & Associates LLP**

*Chartered Accountants*

ICAI firm registration number: 116231W/ W-100024

**Hemant Maheshwari**

*Partner*

Membership No.: 096537

ICAI UDIN: 21096537AAAAGL5266

Place: Hyderabad

Date: 24 December 2021

**Cc:**

Kotak Mahindra Capital Company Limited

1<sup>st</sup> Floor, 27 BKC, Plot No. C – 27

"G" Block, Bandra Kurla Complex

Bandra (East),

Mumbai – 400051

Maharashtra, India

IIFL Securities Limited

10<sup>th</sup> Floor, IIFL Centre, Kamala City,

Senapati Bapat Marg,

Lower Parel, Mumbai – 400013

Maharashtra, India

J.P. Morgan India Private Limited

J.P. Morgan Tower, Off. C.S.T. Road,

Kalina, Santacruz - East, Mumbai – 400098

Maharashtra, India



## ANNEXURE I

| #  | Details of Tax Laws                                                                                                                            |
|----|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Income-tax Act, 1961 (IT Act) and Income Tax Rules, 1962, each as amended and read with respective circulars and notifications made thereunder |
| 2. | Central Goods and Services Tax Act, 2017, as amended                                                                                           |
| 3. | Integrated Goods and Services Tax Act, 2017, as amended                                                                                        |
| 4. | State Goods and Services Tax Act, 2017, as amended                                                                                             |
| 5. | Customs Act, 1962 and Customs Tariff Act, 1975, each as amended and read with respective rules, circulars and notifications made thereunder    |
| 6. | The Foreign Trade Policy 2015-2020                                                                                                             |

## ANNEXURE II

### ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND THE SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAX LAWS (“TAX LAWS”) IN INDIA

Outlined below are the possible special tax benefits available to the Company and the Shareholders under the Tax Laws (i.e. applicable for the Financial Year 2021-22 relevant to the Assessment Year 2022-23 till the signing date of this annexure). These possible special tax benefits are dependent on the Company or the Shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company or the Shareholders to derive the possible special tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

#### UNDER THE TAX LAWS

##### A. Direct taxation

##### 1. Special tax benefits available to the Company

The following special tax benefits would be available to the Company after fulfilling conditions as per the respective provisions of the tax laws identified supra:

- a. Section 115BAA of the IT Act, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that the domestic company can opt for a rate of tax of 22% (plus applicable surcharge and cess) for the Financial Year 2019-20 (relevant to Assessment Year 2020-21) onwards, provided the total income of the company is computed without claiming certain specified incentives/ deductions or carry forward and set-off of certain losses, additional depreciation etc. and claiming depreciation determined in the prescribed manner. In case the Company opts for Section 115BAA of the IT Act, provisions of Minimum Alternate Tax (‘MAT’) under Section 115JB of the IT Act would not be applicable and also MAT credit of the earlier years will not be available for set-off. The option needs to be exercised on or before the due date of filing the tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.

We have been informed by the Company that it has opted concessional tax regime as provided under provisions of for Section 115BAA of the IT Act from the Assessment Year 2020-2021.

- b. In accordance with and subject to fulfilment of conditions as laid out under Section 80JJAA of the IT Act, the Company may be entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.”
- c. In accordance with the provisions of Section 80M of the IT Act, dividend received by the company from any other domestic company or a foreign company or a business trust, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by the company on or before one month prior to due date of furnishing the income-tax return under Section 139(1) of the IT Act for the relevant year, be allowed.

Further, any deduction, in respect of the amount of dividend distributed by the domestic company, has been allowed under Section 80M(1) of the IT Act in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

- d. In accordance with and subject to fulfilment of conditions as laid out under Section 35D of the IT Act, the Company may be entitled to amortize preliminary expenditure, being expenditure incurred in connection with the issue for public subscription or in connection with expenditure as prescribed under Section 35D of the IT Act, subject to the limit specified in Section 35D of the IT Act. The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the business commences or as the case may be, the

previous year in which the extension of the undertaking is completed or the new unit commences production or operation.

## **2. Special tax benefits available to Shareholders**

The Shareholders of the Company are not eligible to any special tax benefits under the Income-tax Act, 1961 and Income Tax Rules, 1962 identified supra.

## **B. Indirect taxation**

### **1. Special tax benefits available to the Company**

The Company are not eligible to any special tax benefits under the Central Goods and Services Tax Act, 2017, as amended; Integrated Goods and Services Tax Act, 2017, as amended; State Goods and Services Tax Act, 2017, as amended; Customs Act, 1962 and Customs Tariff Act, 1975, each as amended and read with respective rules, circulars and notifications made thereunder; and The Foreign Trade Policy 2015-2020.

### **2. Special tax benefits available to Shareholders**

The Shareholders of the Company are not eligible to any special tax benefits under the Central Goods and Services Tax Act, 2017, as amended; Integrated Goods and Services Tax Act, 2017, as amended; State Goods and Services Tax Act, 2017, as amended; Customs Act, 1962 and Customs Tariff Act, 1975, each as amended and read with respective rules, circulars and notifications made thereunder; and The Foreign Trade Policy 2015-2020

#### **NOTES:**

1. The above is as per the current tax laws, as amended by the Finance Act, 2021.
2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
3. The possible special tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.
4. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The Shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.
5. The tax benefits discussed in the Statement are not exhaustive and are only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
6. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable double taxation avoidance agreement, if any, between India and the country in which the non-resident has fiscal domicile.

**For Rainbow Children's Medicare Limited (formerly known as Rainbow Children's Medicare Private Limited) as authorised by the Board of Directors**

Sd/-

**Authorized Signatory**

Place: Hyderabad

Date: 24 December 2021

## SECTION IV: ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

The information in this section is derived from the report "Assessment of maternity and paediatric healthcare delivery sectors in India" dated November 2021 (the "**CRISIL Report**") prepared by CRISIL Research ("**CRISIL**"), a division of CRISIL Limited. We commissioned and paid for the CRISIL Report for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. We officially engaged CRISIL Research in connection with the preparation of the CRISIL Report on September 28, 2021. The data included in this section includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Offer), that have been left out or changed in any manner.

Further, the CRISIL Report was prepared on the basis of information as of specific dates which may no longer be current or reflect current trends and opinions in the CRISIL Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. CRISIL has advised that it has taken due care and caution in preparing the CRISIL Report based on the information obtained by CRISIL from sources which it considers reliable. Further, the CRISIL Report is not a recommendation to invest or disinvest in any company covered in the report. CRISIL operates independently of, and does not have access to information obtained by CRISIL's Ratings Division or CRISIL Risk and Infrastructure Solutions Ltd ("**CRIS**"), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the CRISIL Report are that of CRISIL and not of CRISIL's Ratings Division or CRIS. Prospective investors are advised not to unduly rely on the CRISIL Report.

#### Macroeconomic Overview of India

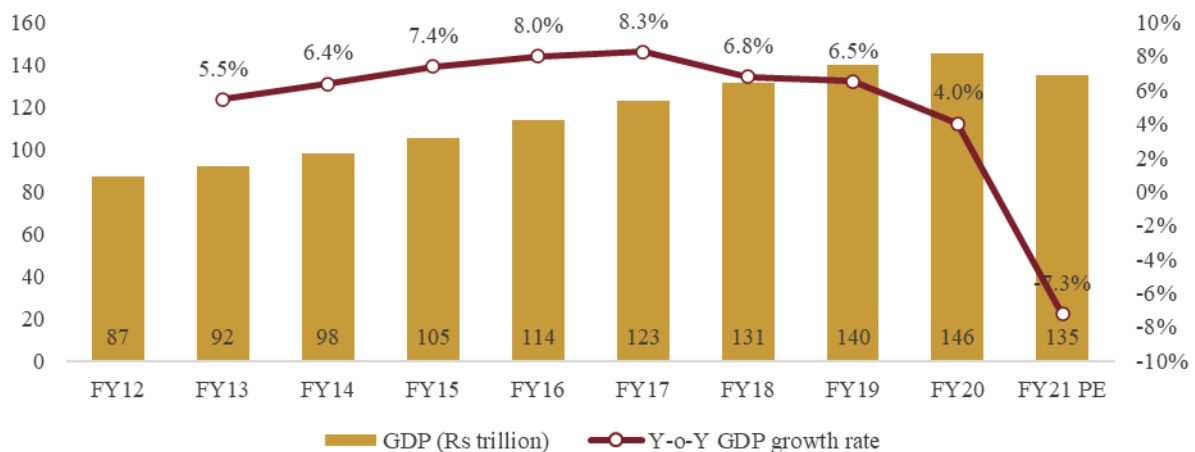
##### Review of India's GDP growth

GDP grew at 6.6% CAGR from the financial years 2012 to 2020

In 2015, the Ministry of Statistics and Programme Implementation ("**MoSPI**") changed the base year for calculating India's GDP between the financial years 2005 and 2012. Based on this, the country's GDP increased at an eight-year CAGR of 6.6% to ₹146 trillion in the financial year 2020 from ₹87 trillion in the financial year 2012.

The financial year 2021 has been a challenging year for the Indian economy, which was already experiencing a slowdown before the pandemic struck. GDP contracted by 7.3% (in real terms) last financial year, after growing 4.0% in the financial year 2020. At ₹135.1 billion in the financial year 2021, India's GDP (in absolute terms) went below the financial year 2019 level of ₹140.0 billion.

Real GDP growth in India (new GDP series)



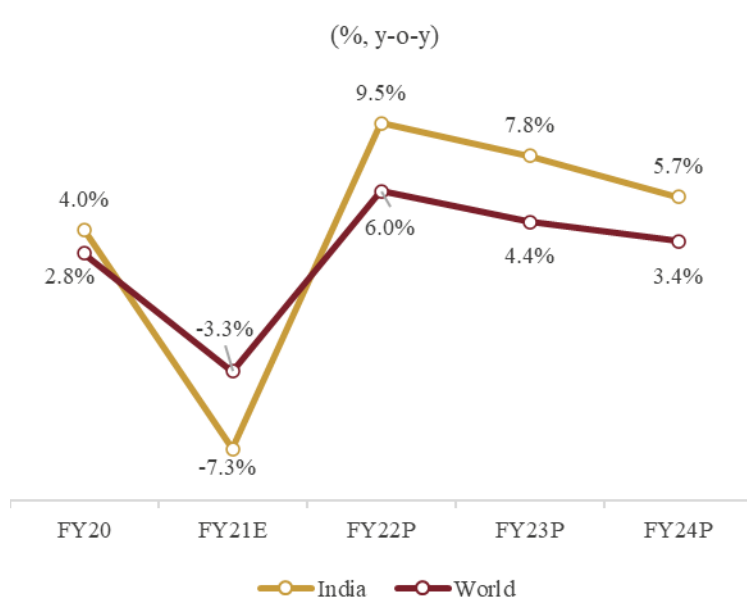
Note: PE: Provisional estimates

Source: Provisional estimates of Annual National Income 2020-21, Central Statistics Office (CSO), MoSPI, CRISIL Research

CRISIL forecasts India's GDP growth to rebound to 9.5% in the financial year 2022 as the following four drivers converge:

- **Weak base:** A 7.3% contraction in GDP in the financial year 2021 will provide a statistical push to growth in the next financial year.
- **Global upturns:** Higher global growth in 2021, i.e., world GDP up by 5.0%, including GDP of advanced economies up by 4.3%, and GDP of emerging economies up by 6.3%, should lift exports.
- **COVID-19 curve:** India is witnessing the second wave of COVID-19 infections and at the same time learning to live with the virus, with the rollout of vaccines. These should broaden growth this financial year, especially in the services and unorganized sectors.
- **Fiscal push:** Stretch in the fiscal glide path and focus of the Union Budget 2021-22 on capital expenditure are expected to have a multiplier effect on growth.

#### India to surpass global GDP growth in next three the financial year



#### **GDP growth to rebound to 9.5% this financial year on the back of a very weak base and the rising-global-tide effect**

CRISIL sees India's GDP growth rebounding to 9.5% this financial year due to a very weak base, flattening of the COVID-19 curve, rollout of vaccinations, investment-focused government spending, and benefit from the 'rising global tide lifts all boats' effect. Yet, the economy is expected to reach pre-pandemic levels only by the second quarter of this financial year. Services will take longer to recover than manufacturing. Beyond the financial year 2022, India is seen growing faster than the world. Over the financial years 2023-25, growth is seen averaging at approximately 6.0% annually.

Note: Forecasts for World are for calendar year; FY20 corresponds to 2019 and so on; P: Projected;; India numbers for FY20 and FY21 are based on MoSPI's latest GDP estimates and FY22 onwards are CRISIL Research's forecast. World GDP growth rates are from IMF world economic outlook update as of April 2021.

Source: S&P Global Ratings, CRISIL

#### *India has administered one billion COVID-19 vaccination doses as of October 2021*

India has completed the second dose vaccination for over 300 million citizens as of mid-October 2021 and has administered a total of over one billion doses since the nationwide immunization drive was launched on January 16, 2021. The first dose contributes to 70% of administered vaccination doses while the second dose represents the remaining 30% share. Age-group wise, 56% of the doses were administered to people within the 18-45 years age group. Nearly 1.4 million pregnant women in India have received their first dose of a COVID-19 vaccine as of mid-September 2021 as per industry sources. Emergency authorization approval for COVID-19 vaccinations for children was granted in August 2021, but India is yet to roll out its first COVID-19 vaccine for children.

In the context of the current situation of the COVID-19 pandemic, experts have suggested that the COVID-19 vaccine may be offered to the pregnant women if no contraindications exist. Pregnant women with COVID-19 are at increased risk for preterm birth and might have an increased risk of other adverse pregnancy outcomes including higher chances of neonatal morbidity. WHO recommends vaccination in pregnant women when the benefits of vaccination to the pregnant woman outweigh the potential risks, such as pregnant women at high risk of exposure to COVID-19 and pregnant women with comorbidities that place them in a high-risk group for

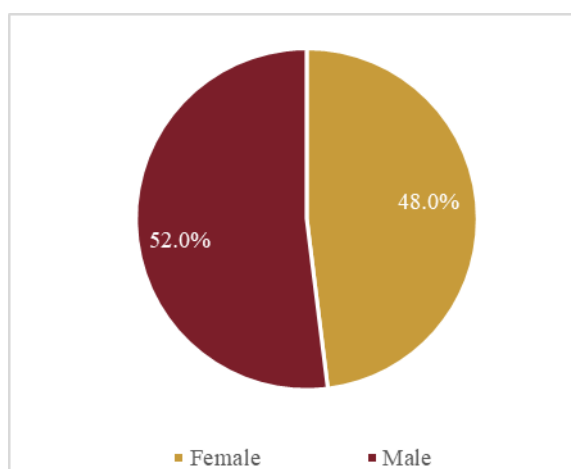
severe COVID-19 disease.

### ***Fundamental Growth Drivers of GDP***

India has more female under reproductive age than whole of Africa or Europe region. India had 924 females per 1,000 males for the year 2020, as per UN population estimates. This translates to a female population share of 48% in the overall demographic. As per Census 2011, the gender ratio of India is 943 females per 1,000 males. There are 949 females to 1,000 men in rural areas, while in an urban area, there are 929 females to 1,000 males.

India has nearly 240 million females in the reproductive age of 25-49 years and ranked second after China, which reported 263 million females in the reproductive age of 25-49 years as of 2020. The demographic profile of India is still young with a large age group of 10-24 years in 2020. Over the next 30 years India is expected to still continue to have a higher number of young and mid-age people, with the demographic profile expected to change to nearly equally distributed age groups and population expected to increase from 1.3 billion in 2020 to 1.7 billion in 2050.

Gender distribution of population in India (2020)

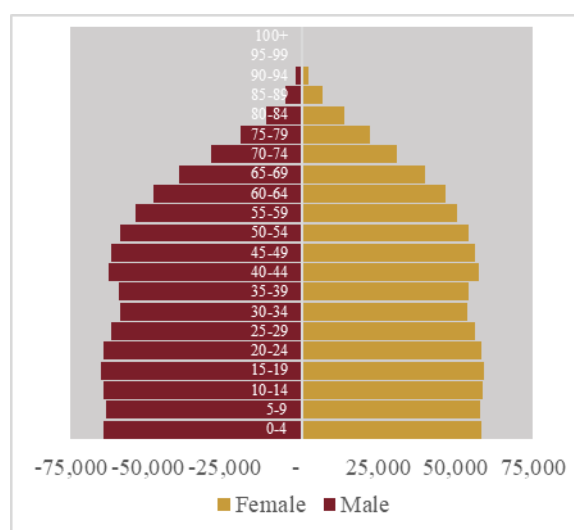
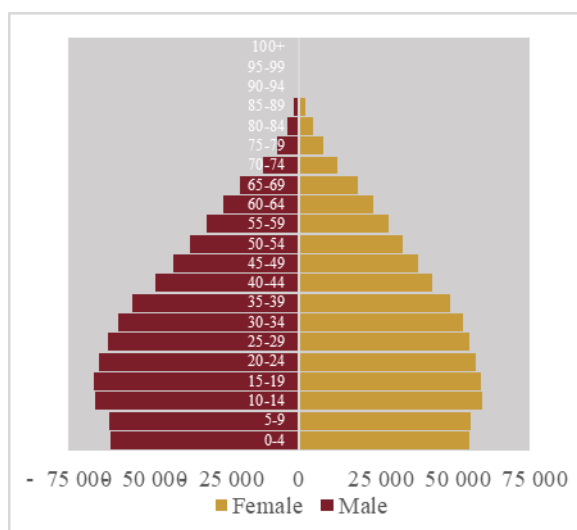


| Sex ratio | 2011 Census                |
|-----------|----------------------------|
| Rural     | 949 females per 1000 males |
| Urban     | 929 females per 1000 males |
| Total     | 943 females per 1000 males |

Source: UN World Population estimates, CRISIL Research

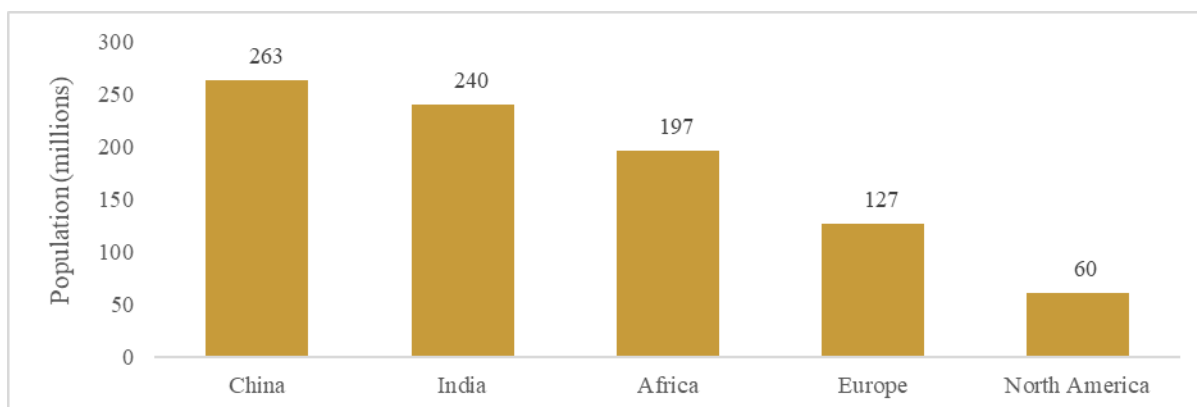
Source: UN World Population estimates, CRISIL Research

Age distribution of India population: 2020 (on left) and 2050 (on right)



Source: UN World Population estimates, CRISIL Research

Women of reproductive age (15–49 years): 2020



Source: UN World Population estimates, CRISIL Research

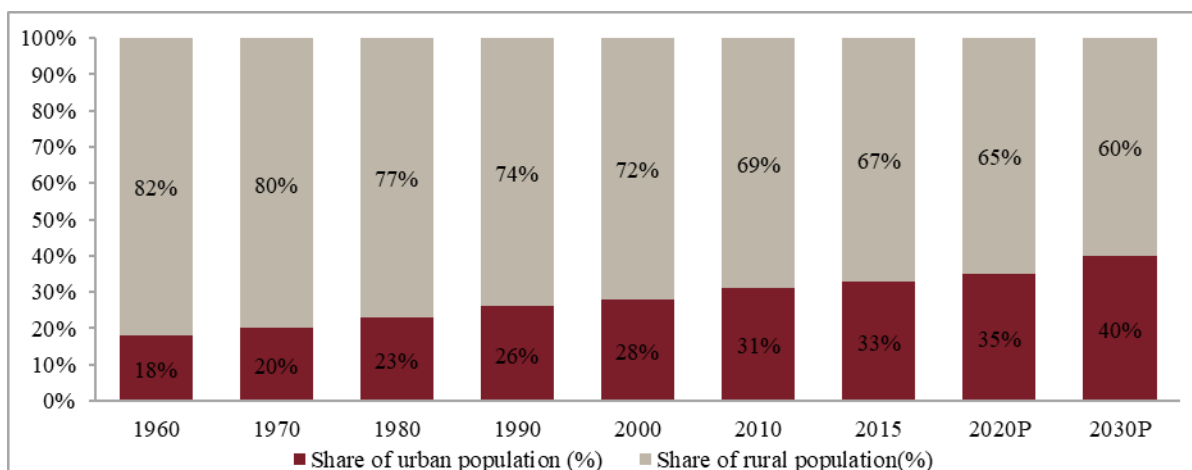
### *India has a higher adolescent populations in comparison to China*

India ranks first among various countries in terms of adolescent population. When compared to other regions, India ranks lower than the Africa region in terms of adolescent population number and its share of adolescents in overall population. India had a total of 487 million adolescents in 2020, whereas Africa reported an adolescent population of 679 million for 2020. India reported 8.5% of the total population under the age of 5 (0-4 years) in 2020 with 116 million children. India registered 2.5-2.6 million live births on an annual basis over the last five to seven year period.

### *Urbanization likely to reach 40% by 2030*

According to ‘World Urbanization Prospects: The 2018 Revision by the United Nations’, in 2018, China had the largest urban population, with 837 million urban dwellers, accounting for 20% of the global total. China was followed by India, with 461 million urban dwellers, and the United States, with 269 million urban dwellers. The share of India’s urban population, in relation to its total population, has been rising over years and was approximately 31% in 2010. This trend is expected continue, with the United Nations report projecting nearly 40% of the country’s population will live in urban areas by 2030.

### India’s urban versus rural population



P: Projected

Source: World Urbanization Prospects: The 2018 Revision, United Nations, CRISIL Research

### **Review of Private Final Consumption Growth**

#### *Private final consumption expenditure to maintain dominant share in GDP*

Private final consumption expenditure (“PFCE”) at constant prices recorded 6.8% CAGR between the financial years 2012 and 2020, maintaining its dominant share in the GDP pie, at approximately 57% or ₹83.3 trillion. Factors contributing to this growth included good monsoons, wage revisions due to the implementation of the Pay Commission’s recommendations, benign interest rates and low inflation. PFCE declined in the financial

year 2021 on account of the pandemic, where consumption demand was impacted on account of strict lockdown, employment loss, limited disposable spending and disruption in demand-supply dynamics.

*Consumption expenditure on health increased at faster rate of 9.7% between FY12 and FY20*

PFCE on health increased at 9.7% CAGR between the financial years 2012 and 2020 faster than overall PFCE growth at 6.7%. Share of Health PFCE in overall PFCE has increased from 3.7% in the financial year 2012 to 4.6% in the financial year 2020 at constant prices. Inflation rate for health sub-group has largely be in the range of 4-5% except for the financial years 2019 and 2020, when the inflation rate for health was at 7.1% and 6.3%, respectively.

*Decline in poverty levels indicates rise in middle- and high-income group in India*

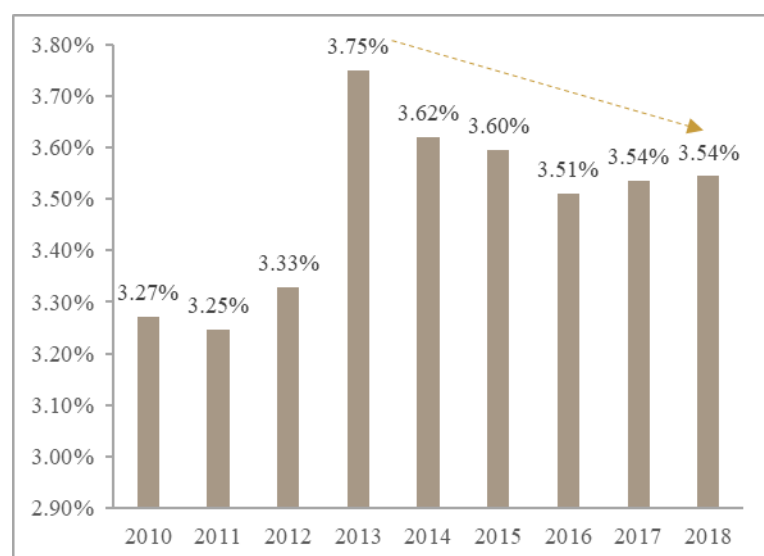
The World Bank, in its report Global Economic Prospects, January 2019, estimates that the number of poor (defined as those living at or below the international poverty line of purchasing power parity of \$1.90 per day) in India dropped from 405 million people in 1981 to 175 million in 2015. The share of poor in India's total population declined from 57.4% to approximately 13.4% over the period, and was estimated at 8.4% in 2018. Poverty has declined due to improvement in macroeconomic parameters such as growth of the economy, employment rate and income equality, and adoption of employment and other public welfare schemes by the government.

In 2020, the World Bank projected the absolute number of poor in India reduced to approximately 68-77 million people, lowering the percentage share to 5-5.5%.

### **Social and Healthcare-Related Parameters**

*India spends too little on healthcare*

Current healthcare expenditure (CHE) as % of GDP in India (2010-2018)



Per capita current expenditure on health in USD (2018)

|                                  |
|----------------------------------|
| Bangladesh, 42                   |
| Nepal, 58                        |
| <b>India, 73</b>                 |
| Indonesia, 112                   |
| Vietnam, 152                     |
| Sri Lanka, 157                   |
| Thailand, 276                    |
| Malaysia, 427                    |
| Brazil, 848                      |
| Singapore, 2,824                 |
| United Kingdom, 4,315            |
| United States of America, 10,624 |

### **Overview of Maternity and Childbirth in India**

*India reports around 36-37 million pregnancies every year*

India reports roughly 70,000 live births per day, representing one sixth of the world's child births. This translates to 25-26 million live births per year. India reports 36-37 million pregnancies in a year.

India saw an increase in women registered for antenatal care ("ANC") between the financial years 2015 to 2020. Nearly 97% of registered pregnancies register for ANC. A total of 79% of registered pregnancies had at least four antenatal care visits in the financial year 2020. In the financial year 2015, at a pan-India level, only 51.2% of registered pregnancies had at least four antenatal care visits.



### Estimated annual pregnancies

| Area                                                     | Value                             | FY 2014-15 | FY 2019-20 |
|----------------------------------------------------------|-----------------------------------|------------|------------|
| Estimated number of annual pregnancies                   | Numbers in millions               | 37.4       | 36.6       |
| Pregnant women registered for ANC (reported pregnancies) | % of estimated annual pregnancies | 95.5%      | 97.0%      |
| Live births                                              | Nos in Million                    | 26.2       | 25.4       |

Source: United Nations Population Fund – UNPFA, Health Management Information System (HMIS), Govt. of India

### Maternity care

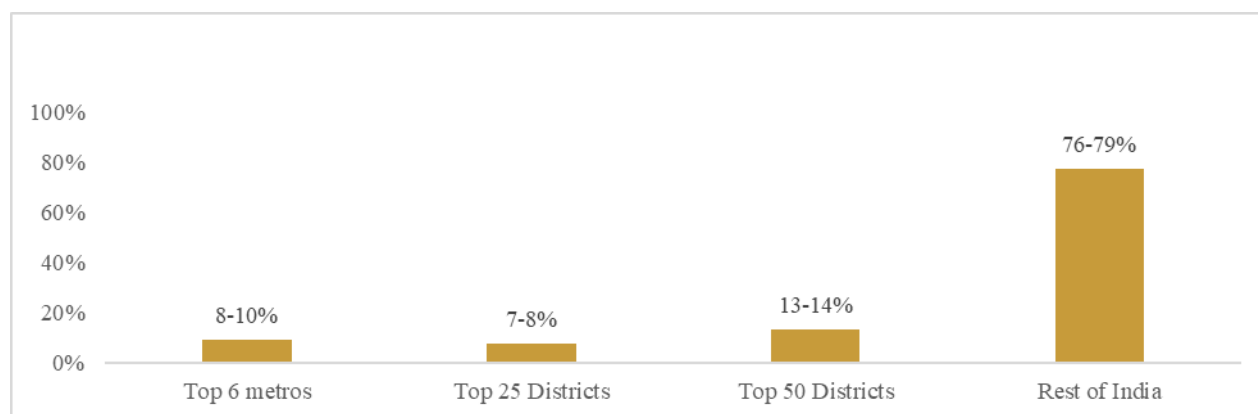
| Maternity Care                                                                                                           | FY 2015-16 | FY 2019-20 |
|--------------------------------------------------------------------------------------------------------------------------|------------|------------|
|                                                                                                                          | %          | %          |
| Mothers who had an antenatal check-up in the 1st Trimester                                                               | 58.6%      | 70.6%      |
| Mothers who had an antenatal check-up least 4 antenatal care visits                                                      | 51.2%      | 79.0%      |
| Mothers who received postnatal care from a doctor/nurse/LHV/ANM/midwife/other health personnel within 2 days of delivery | 62.4%      | 75.3%      |

Source: National Family Health Survey (NFHS)- 4 and National Family Health Survey (NFHS)- 5

Average data of 17 states namely, Andhra Pradesh, Assam, Bihar, Goa, Gujarat, Himachal Pradesh, Karnataka

Kerala, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Telangana, Tripura, West Bengal for FY20 data

### Total number of pregnant women registered for ANC



Source: Health Management Information System (HMIS), Govt. of India

Top 6 metro cities in India has share of 8-10% in registered ANCs.

The metro cities contributes to 8-10% of the women registered for ANC in India whereas in terms of population the 6 metro cities contributes to 7.2% of India's population. The next top 25 districts have a share of 7-8% and top 50 districts in total have a share of 13-14%. Thus, the rest of India contributes to 76-79% of total registered ANCs in India.

### Global maternity health parameters

| Countries      | Total fertility rate, per woman (2015-2020) | No of pregnancies (2020) | Maternal mortality ratio maternal deaths per 100,000 live births | Neonatal mortality rate (deaths within 28 days per 1,000 live births) |
|----------------|---------------------------------------------|--------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------|
| India          | 2.2                                         | 36.7                     | 145                                                              | 22.7                                                                  |
| China          | 1.7                                         | 28.6                     | 29                                                               | 4.3                                                                   |
| Brazil         | 1.7                                         | 4.9                      | 60                                                               | 8.1                                                                   |
| South Africa   | 2.3                                         | 1.4                      | 119                                                              | 10.7                                                                  |
| United States  | 1.8                                         | 6.2                      | 19                                                               | 3.5                                                                   |
| United Kingdom | 1.8                                         | 1.2                      | 7                                                                | 2.6                                                                   |

Source: United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019

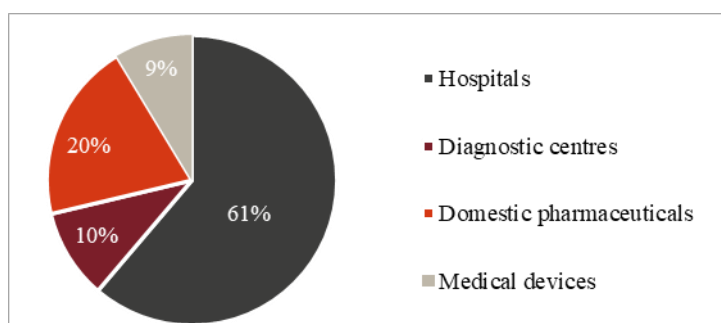
### Comparison of health care infrastructure in Southeast Asia and India (overall healthcare)

India reports higher mortality rates for infants and children as compared to Southeast Asian countries. India also spends lower on healthcare as compared to Southeast Asian countries. India spent nearly US\$72.84 per capita

on healthcare whereas south-east Asian countries spent US\$537.73 per capita on healthcare in 2018.

## Structure of Healthcare Delivery Industry in India

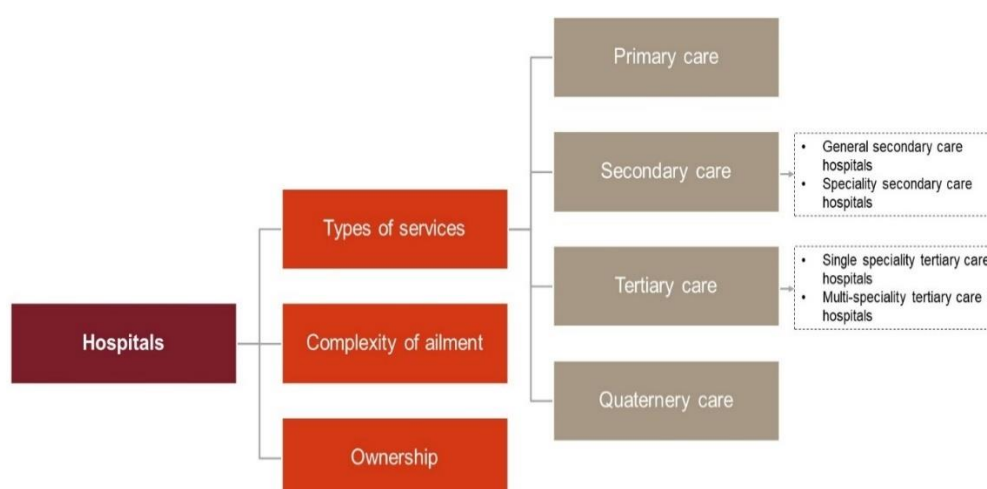
### Overview



CRISIL Research estimates the healthcare delivery market, consisting of hospitals and diagnostic centers, to account for a major share of the healthcare pie (71%), followed by domestic pharmaceuticals (20%) and medical devices market (9%) as of the financial year 2020.

Source: CRISIL Research

### Classification of Hospitals



### Classification of hospitals by facilities/services offered

|                    | Primary care                                                            | Secondary care                                                                                     | Tertiary care                                                                                                                                |
|--------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Services           | Provides all services as required for the first point of contact        | Provides all services as required, including organised medical research                            | Provides all services as required, including provision for experimental therapeutic modalities and organised research in chosen specialities |
| Multi-disciplinary | Yes                                                                     | Yes                                                                                                | Single- or multi-speciality                                                                                                                  |
| Type of service    | Only medical services and excludes surgical services                    | Overall medical and surgical services                                                              | Complex surgical services with sophisticated equipment                                                                                       |
| Type of patient    | Only outpatient                                                         | Inpatient and outpatient                                                                           | Primarily inpatient                                                                                                                          |
| No of beds         | 0 beds                                                                  | 50-200 beds                                                                                        | >200 beds                                                                                                                                    |
| Dependent on       | Secondary and tertiary care hospitals for further diagnosis and support | Tertiary care hospital for diagnostic and therapeutic support on referral and for patient transfer | Tertiary care/secondary hospital for referrals for its workload                                                                              |
| Investment         | Low investment required                                                 | Medium                                                                                             | High                                                                                                                                         |

### Classification based on complexity of ailment

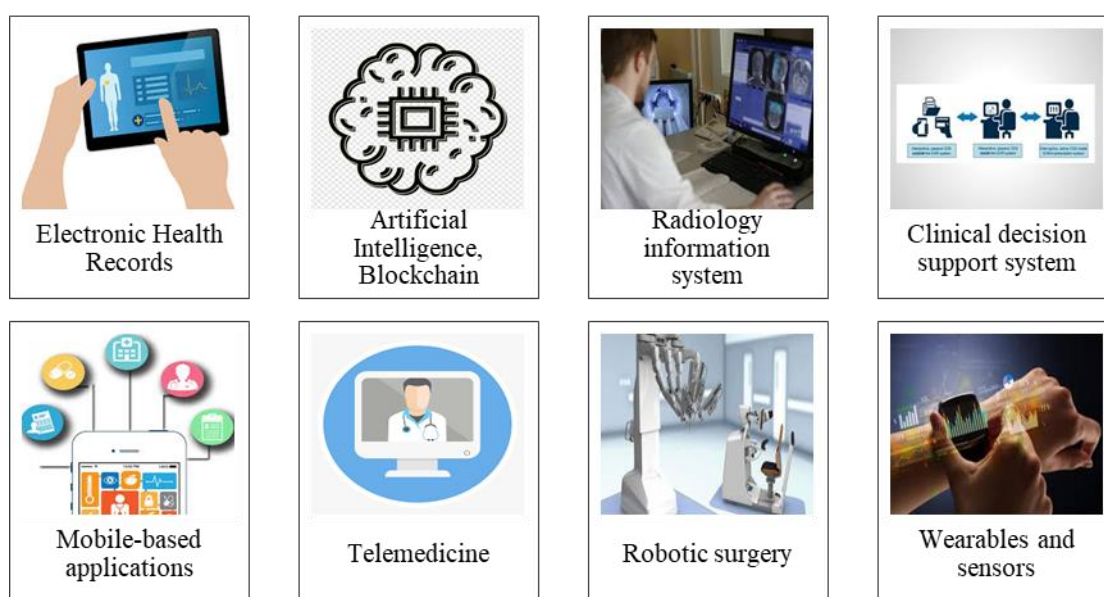
Healthcare delivery may also be classified as primary, secondary and tertiary, on the basis of the complexity of ailment being treated. For instance, a hospital treating heart diseases may be classified as a primary facility if it

addresses conditions such as high cholesterol, as a secondary facility if it treats patients suffering strokes, or as a tertiary facility if its deals with cardiac arrest or heart transplants.

| Ailment/ condition         | Primary                   | Secondary                                        | Tertiary                                                                               |
|----------------------------|---------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------|
| <b>Acute infections</b>    | Fever                     | Typhoid/ jaundice                                | Hepatitis B,C                                                                          |
| <b>Accidents/ injuries</b> | Dressing                  | Fracture                                         | Knee/ joint replacements / brain haemorrhage                                           |
| <b>Heart diseases</b>      | High cholesterol          | Strokes                                          | Cardiac arrest/ heart attacks/ heart transplantation/ heart defects like hole in heart |
| <b>Maternity</b>           | Diagnosis/ check-ups      | Normal delivery/ caesarean                       | Normal delivery/ caesarean/ post-delivery complications such as brain fever            |
| <b>Cancer</b>              | Lump diagnosis/ check-ups | Tumor – medical, surgical, and radiation therapy | Medical, surgical and radiation therapy                                                |

Source: CRISIL Research

### Emerging Technologies in Healthcare Delivery



The healthcare industry, like other industries, is constantly evolving in terms of technology. Developments in information technology have helped create systems that ensure faster and reliable services. While, on the one hand, these systems help increase reach and quality of healthcare delivery systems across the country, on the other, they enable healthcare delivery providers to improve efficiency by helping them in resource planning, maintaining patient records, etc. CRISIL Research expects the advent of 5G, smartphone penetration, and increasing health-conscious population to deepen digital healthcare penetration.

#### Electronic health records (“EHR”)

EHRs are designed to manage detailed medical profile and history of patients such as medication and allergies, immunization status, laboratory test results, and radiology images. Information stored in EHRs can be in a combination of various formats including picture, voice, images, graphs, and videos. Besides storing information, EHRs have the capability of analyzing data with respect to a specific ailment, generating customized reports, setting alarms and reminders, providing diagnostic decision support, etc.

#### Artificial Intelligence (“AI”) and blockchain

Healthcare establishments such as hospitals are looking at opportunities to deploy AI or/and blockchain in improving their operating efficiency – including scheduling appointments depending on the gravity of the issue, healthcare monitoring, among others, thereby minimizing human error through technological intervention. For instance, NITI Aayog has extended its support to an AI-based project, Radiomics, which is also supported by Tata Memorial Centre Imaging Biobank.

### *Radiology information system (“RIS”)*

RIS is a tool that allows managing digital copies of medical imagery such as x-rays, MRIs, ultrasounds, and associated data on a network. RIS is used by doctors to access medical imagery data from multiple locations. It is connected to medical equipment such as x-rays, MRIs and ultrasound machines, which generate diagnosis results in the form of images and graphs.

### *Clinical decision support system (“CDSS”)*

CDSS is a software designed to assist doctors in taking decisions pertaining to the diagnosis and treatment of patients. A CDSS is supported by a large database that has detailed information on ailments with data aspects ranging from symptoms to diagnosis. The database is supported by a set of rules that help generate accurate results for the query made by the user. It also contains patient specific information such as medical history, allergies, etc., which helps doctors to make effective decisions on the treatment. CDSS databases are open-ended to allow addition of information on newly discovered diseases, procedure and medications, rectification of erroneous procedures and updating of patient information.

### *Mobile-based application*

Healthcare delivery is also seeing an influx of mobile-based applications (mobile apps) to assist doctors as well as patients. These apps provide features such as self-diagnosis, drug references, hospital/doctor search, appointment assistance, electronic prescriptions, etc. While certain apps allow doctors to obtain information on drugs, dosage, contradictions, disease/condition references and procedures; others allow patients to locate doctors, fix appointments, and opt for video consultations. Furthermore, there are apps that help patients save their medical records and keep them updated regularly.

### *Telemedicine*

Telemedicine is a technology designed to improve accessibility of healthcare services from remote locations. Telemedicine, through its extensive use of information technology, creates a connection between doctors at the main hospital and patients at remote locations or telemedicine centers. The doctor analyzes the patient through telephonic conversation or video conferencing and is assisted by a junior doctor or health worker who is physically present at the telemedicine center. The junior doctor physically examines the patient and conveys the information, based on which the doctor confirms the diagnosis and prescribes medication. If the ailment is complex, the patient is advised to get admitted at the main hospitals and avail the intensive care facility. This model is useful when there is a dearth of healthcare professionals in the country.

### *Robotic surgery*

Robotic surgery or robot-assisted surgery (“RAS”) is a surgery conducted by using a robotic arm that is controlled electronically by a control pad. The pad may be located at a local or remote place and is equipped with high-definition cameras allowing surgeons to take a closer look at the areas being operated. Since RAS can be performed from remote locations, it allows patients to avail the treatment from the desired specialist surgeons across the globe without having to travel. RAS has been used to conduct general surgery, bypass surgery, colorectal surgery, gastrointestinal surgery, neurosurgery and orthopedic surgery, among others.

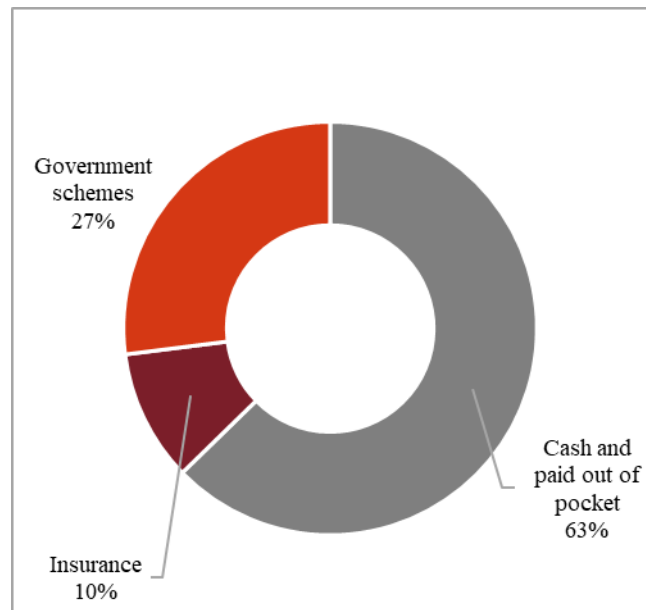
### *Wearables and sensors*

With awareness on healthcare increasing, people have started adopting wearables and sensors that keep track of the vitals of the user. Wearables and sensors also have data about the user’s historical health records and sends out alerts in case of any irregularities. Some sensors are used solely from a curative healthcare perspective, to lead a healthy life with a proper fitness routine.

### *Payment modes in Indian healthcare*

Government schemes accounted for 27% health expenditure in India in 2018. The contribution of PMJAY, the national public health insurance fund of the Government of India, was low and accounted for less than 5% of the total healthcare expenditure. 73% was privately funded. Out of this 73%, approximately 62.7% was out-of-pocket expense and the remaining 10% was funded by insurance.

### Payor mix (India) 2018



Source: Global Health Expenditure Database - WHO, IRDAI, CRISIL Research

## ***Regulatory Framework for Hospitals and Healthcare in India***

### ***Accreditation of hospitals***

Accreditation of hospitals is a voluntary process, wherein an authorized agency evaluates and recognizes health services according to a set of standards that are revised periodically. In developing countries such as India, where healthcare services are delivered mainly through private health providers, regulation is a vital instrument and function of the government policy.

In India, hospitals are accredited by the National Accreditation Board for Hospitals and Healthcare Providers (“NABH”). The NABH is a constituent board of Quality Control of India and a member of International Society for Quality in Health Care (“ISQua”). NABH accreditation is compulsory for hospitals to get empaneled under the Central Government Health Scheme (“CGHS”), which provides healthcare facilities to all central government employees.

International accreditation agencies include the International Organization for Standardization (“ISO”), Joint Commission International (“JCI”), and Trent Accreditation Scheme (“TAS”).

Diagnostic centers are accredited by the National Accreditation Board for Testing and Calibration Laboratories (“NABL”) in India and international agencies such as the Asia Pacific Laboratory Accreditation Cooperation and the International Laboratory Accreditation Cooperation.

## ***Revenue and Cost Structure Review of Hospitals***

### ***Hospitals derive bulk of their revenue from in-patient departments (“IPD”)***

The primary revenue streams of hospitals are the IPD and out-patient department (“OPD”) segments. Typically in most hospitals, the OPD contributes to three-fourths of total volumes; whereas, the IPD accounts for as much as 76% of the overall revenue. This ratio could vary with hospitals, depending on the type of services rendered and the ailment mix.

### ***Surgeries and diagnostics fetch bulk of the IPD revenue***

Surgeries and diagnostics account for the bulk of IPD revenue for most hospitals; however, the share of these verticals vary across hospitals, based on the pricing strategies deployed and specialties offered. However, surgical patients generate more revenue as opposed to medical patients. Hospitals used to enjoy high margins on the consumables used. However, after the government has capped the prices of stents and knee implants, they have rationalized their treatment costs by charging for the services rendered. Some hospitals have in-house facilities such as diagnostic centers and pharmacies, while others outsource these services.

Other monitorables that may boost revenue include:

- **Occupancy levels:** Given the high fixed costs (equipment, beds and other infrastructure), occupancy levels need to be commensurate for a hospital to break-even. Most large hospitals operate at over 65-70% occupancy ratio (OR). The following factors aid in ensuring high occupancy levels: (i) good brand recognition, (ii) reputed doctors, and (iii) strong referral network.
- **Average length of stay (ALOS):** Large hospitals usually operate at high occupancy levels but try to keep the ALOS short, which enables them to record higher utilization levels and ensure that more patients are treated at the same time.
- **Average revenue per operating bed (ARPOB):** It is defined as average in-patient revenue per occupied bed. It gives the daily revenue that can be generated by an occupied bed for a hospital.

#### Ailment-wise length of stay

| Ailment              | ALOS      | Remarks                                                                                                                         |
|----------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Cardiac</b>       | 5 days    | In complex, surgical cases, ALOS is 7-8 days<br>Angiography – day care; and angioplasty – 2 days                                |
| <b>Orthopedics</b>   | 3-4 days  |                                                                                                                                 |
| <b>Oncology</b>      | 5-6 days  | Hospitalization is for surgical cases only. For chemotherapy, there are day-care beds and for radiotherapy, no stay is required |
| <b>Neurosurgery</b>  | 8-10 days | Would vary on case-to-case basis depending on the complexity of the case                                                        |
| <b>Ophthalmology</b> | 1 day     | Day care                                                                                                                        |
| <b>C-section</b>     | 6-10 days | In caesarian deliveries, length of stay is longer in public than in private health facility                                     |
| <b>Childbirth</b>    | 1-4 days  | Day care in 20% of the cases                                                                                                    |

Source: CRISIL Research

## **Assessment of India's Hospital Market**

### **Review and Outlook**

*The Indian Healthcare delivery market is estimated to grow to ₹5 trillion in the financial year 2022*

CRISIL Research estimates the Indian healthcare delivery market to reach ₹5 trillion in value terms by the end of the financial year 2022, with growth being contributed by low base and the pent-up demand from deferred treatments in the financial year 2021. A potential upside is also expected from COVID-19 treatments, especially for hospitals where occupancies were typically on the lower side. Within the overall healthcare delivery market, the IPD is expected to account for nearly 70% (in value terms), while the balance is to be catered by the OPD. Though in terms of volumes, OPD volumes outweigh IPD volumes, with the latter contributing to the bulk of the revenues to healthcare facilities.

As opposed to the financial year 2021, whilst government investments in the sector to combat the COVID-19 pandemic via temporary establishments had gained prominence, and private hospitals saw revenue erosion owing to travel restrictions, the private sector is expected to complement the role of the government in the financial year 2022 early on.

*Healthcare delivery industry to grow 15-17% over next four years*

With renewed impetus from PMJAY and government focus shifting onto healthcare sector, the healthcare delivery market is expected to grow at 15-17% compounded annual growth rate (CAGR) and reach ₹7.67 trillion in the financial year 2025.

### **Impact of COVID-19 on Healthcare Delivery Market**

*Impact of the pandemic on different business models*

|                 | Value-centric model                                                               | Cross-subsidisation model                                                         | Volume-driven model                                                                 |
|-----------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Focus           | Improving ARPOB                                                                   | Healthy ARPOB                                                                     | Improving occupancy                                                                 |
| Case-mix        | Higher order specialities                                                         | Tertiary & secondary care                                                         | Secondary & lower level tertiary care                                               |
| Location        | Primarily Tier- 1 cities                                                          | Tier-I & -II cities                                                               | Beyond Tier-II cities                                                               |
| Operating costs | Relatively higher                                                                 | Adequate restrain                                                                 | Tight control                                                                       |
| View for FY21   |  |  |  |

*Value-centric model of hospitals are focused on high ticket size and high value services. Cross subsidization is the practice of charging higher prices to one type of consumers to artificially lower prices for another group. Volume- driven model is where the players focuses on high volumes and faster turnaround time.*

*Source: CRISIL Research*

- Hospitals focused on specific specialties such as oncology, orthopedics, etc., are expected to see faster recovery (catering to deferred essential surgeries).
- Dependence on medical tourists in Tier-1 cities to shave off revenues for hospitals this financial year.
- Volume-driven dependence on government schemes is expected to aid volumes in the second half for empaneled hospitals.
- Compliance and additional sanitary measures (such as PPE) along with testing of employees is expected to lead to an increase of 3-5% in treatment costs.

*Consumers prefer convenient, affordable and personalized treatments*

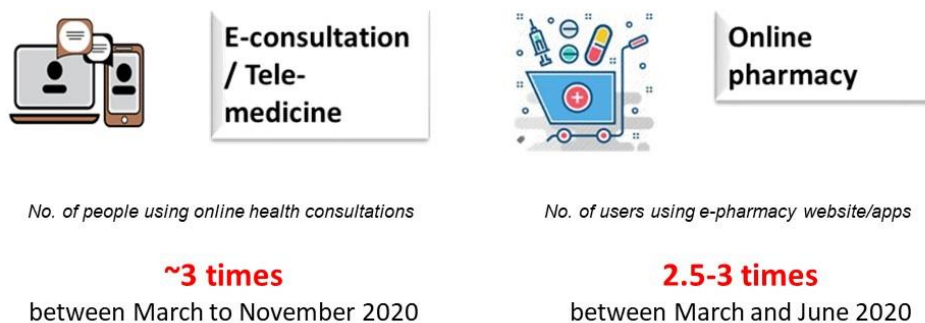
| Emerging trends                                                                     |                                           |                                                                                     |
|-------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------|
|  | <b>M-health</b><br>(health tracking apps) |  |
|  | <b>E-consultation / Tele-medicine</b>     |  |
|  | <b>Bio-Pharma</b>                         |  |

The need for social distancing and contactless services during the COVID-19 pandemic is changing consumer preferences.

Already this has resulted in the growth of mobile health (M-health) with increased use of health-tracking apps apart from the growth in e-consultation and tele-medicine. Besides, home and healthcare services such as those provided by Bengaluru-based start-up Portea, online pharmacies are also gaining traction, along with growing acceptance of bio-pharmaceuticals.

Online spends during COVID-19 towards the healthcare sector





On account of the nationwide lockdown imposed to contain the COVID-19 pandemic in India during the last week of March 2020, there has been higher dependence on the internet to serve basic healthcare needs of individuals. Convenient, affordable and personalized treatments have been preferred as opposed to traditional hospital-based treatments. Increasing use of e-pharmacy websites/apps has been evident as the number of users using e-pharmacy website/apps shot up nearly 2.5-3 times between March and June 2020. E-consultation/tele-medicine also gained traction as they omitted the need to visit hospitals. As per a recent report ‘Rise of Telemedicine - 2020’, published by the Telemedicine Society of India, the number of people using online health consultations increased three times between March to November 2020. The advent of 5G, artificial intelligence and machine learning is expected to further accelerate online spending towards healthcare.

#### Key Growth Drivers of Healthcare Delivery Industry

A combination of economic and demographic factors is expected to drive healthcare demand in India. CRISIL Research believes the PMJAY scheme launched by the government would also support these drivers.



Source: CRISIL Research

India lags behind global benchmarks in healthcare infrastructure, both in terms of physical infrastructure as well as personnel. However, the picture is bleak even on the healthcare indicators front. In case of life expectancy at birth, which reflects the overall mortality of the population, India stands at 68.8 years in comparison with the global average of 71.4 years. This is despite life expectancy at birth growing at 0.6% CAGR between 2000 and 2017.

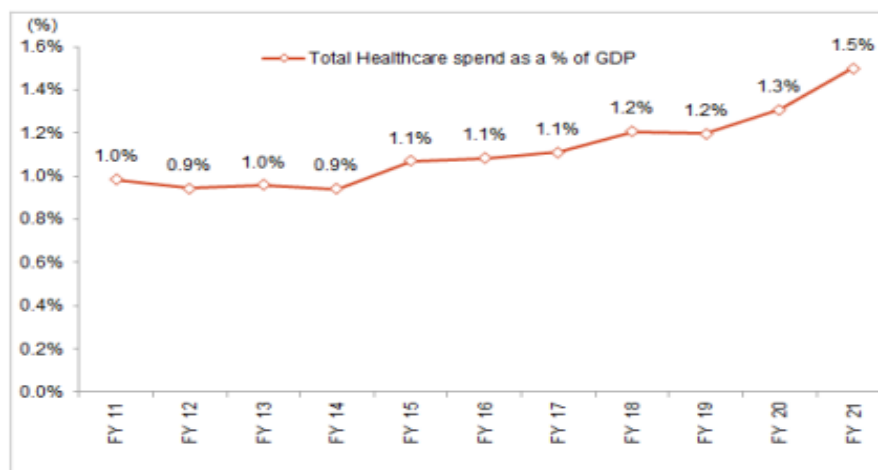
#### Government policies to improve healthcare coverage

The government has raised its healthcare budget for the financial year 2022 to ₹712.7 billion, although the



incremental allocation in the financial years 2021 and 2022 is more for COVID-19 related expenditure (emergency aid and vaccination drive). Nonetheless, the focus seems to have shifted from curative aspect to preventive health and well-being under the ambit of holistic healthcare. The long-term goal is to raise its healthcare spending to 2.5% of GDP by 2025 under the National Health policy 2017 from the current 1.3% of GDP.

### Public expenditure as a proportion of GDP



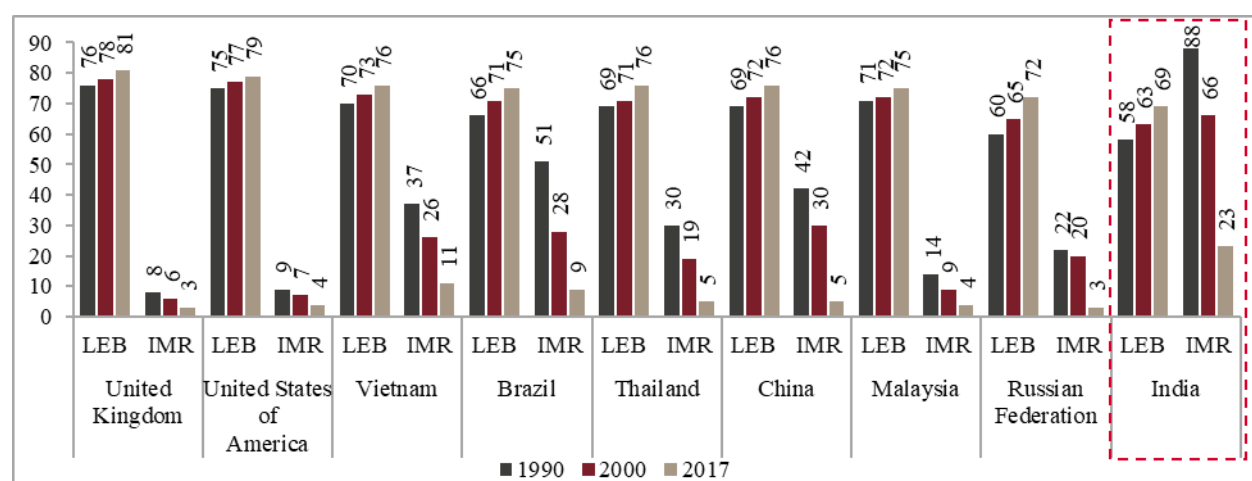
Note: Total public healthcare expenditure includes budgeted expenditure for states and center together

Source: Budget documents, Economic survey 2021

*With life expectancy improving and changing demographic profile, healthcare services are a must*

With improving life expectancy, the demographic profile of the country is also witnessing a change. As of 2011, nearly 8% of the Indian population was of 60 years or more, and this is expected to surge to 12.5% by 2026. However, the availability of a documented knowledge base concerning the healthcare needs of the elderly (aged 60 years or more) remains a challenge. Nevertheless, the higher vulnerability of this age group to health-related issues is an accepted fact.

### Life expectancy (at birth) and infant mortality rate: India vs others



Note: LEB – life expectancy at birth; IMR – infant mortality rate (probability of dying by age one year per 1000 live births)

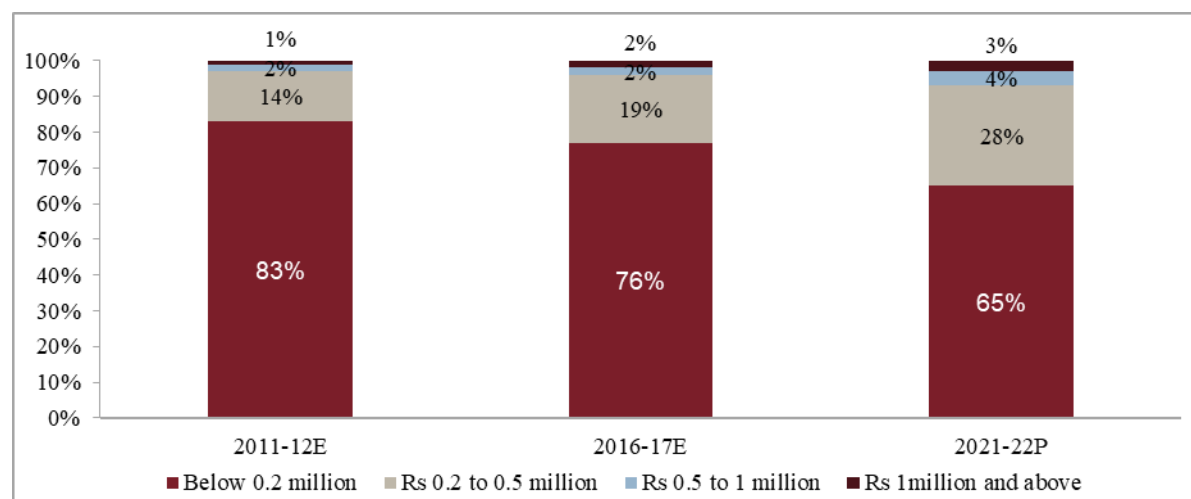
Source: WHO World Health Statistics 2020

*Rising income levels to make quality healthcare services more affordable*

Though healthcare is considered a non-discretionary expense, considering that approximately 83% of households in India had an annual income of less than ₹0.2 million in the financial year 2012, affordability of quality healthcare facilities remains a major constraint.

Growth in household incomes and, consequently, disposable incomes, are critical to the overall growth in demand for healthcare delivery services in India. The share of households falling in the income bracket above ₹0.2 million is expected to increase to 35% in the financial year 2022 from 23% in the financial year 2017. They provide a potential target segment (with more paying capacity) for hospitals.

#### Income demographics



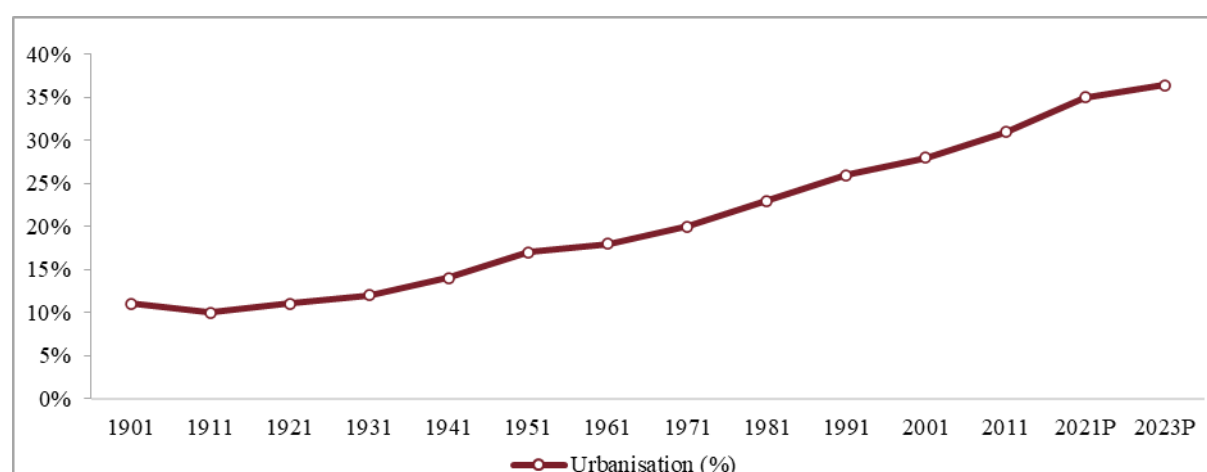
Source: CRISIL Research

#### *Increasing health awareness to boost hospitalization rate*

Majority of healthcare enterprises in India are more concentrated in urban areas. With increasing urbanization (migration of population from rural to urban areas), awareness among the general populace regarding presence and availability of healthcare services for both preventive and curative care is expected to increase.

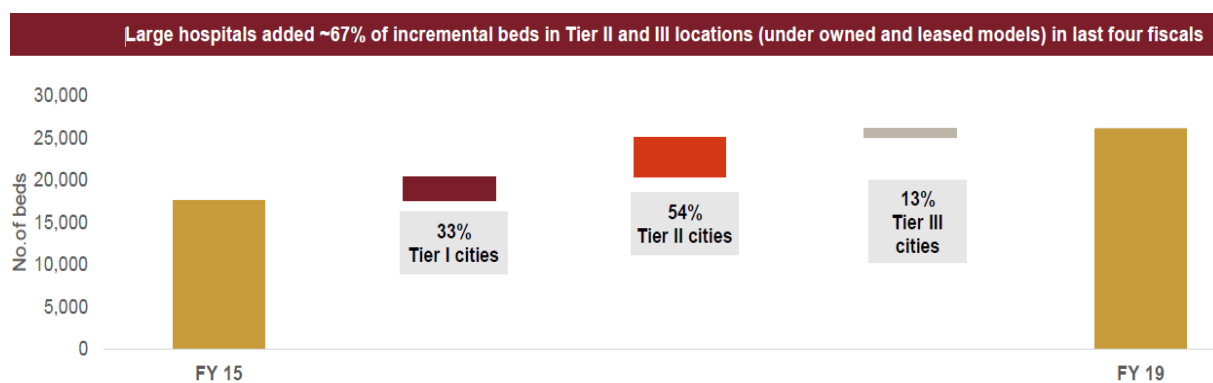
CRISIL Research therefore believes that the hospitalization rate for in-patient treatment as well as walk-in out-patients will improve with increased urbanization and increasing literacy.

#### Urban population in India (% of total population)



Source: UN World Urbanisation Prospects: The 2018 revisions

#### Increasing penetration of hospital chains in tier II and III locations



Note: Based on city category classification followed by 7<sup>th</sup> Pay Commission, tier I – X cities (top 8 cities), tier II – Y cities (next 88 cities)  
Source: Company reports, CRISIL Research

The Indian healthcare delivery system has seen consolidation in recent years. A highly competitive industry, coupled with tightening of healthcare regulations, has made it difficult for smaller players in the industry to stay profitable. Larger hospital brands typically have stronger financial discipline and negotiating power with suppliers, better ability to attract medical talent, and greater capital and administrative resources to meet these needs over standalone hospitals. Many of the established players in the healthcare delivery industry follow inorganic growth to expand into the geographies where they have limited presence. In terms of supply creation, major hospital chains have expanded into the next level of tier II and III locations (with approximately 67 % aggregate bed additions by 10 large hospitals players in the past four years being in these areas).

Rise in demand for health infrastructure, modern technologies and multi-disciplinary healthcare have been some of the key driving factors for consolidation in the industry. Investments by private equity (“PE”) players is also gaining traction. The majority of the PE deals in the industry in the past 2-3 years have been towards hospital portfolio consolidation, also enabling formation of regional clusters that provide base for further expansion and consolidation. Recently, Manipal Health acquired 100% stake in Columbia Asia hospitals, strengthening its presence in southern India. IHH health also has gained stake in Fortis Healthcare in 2018. In the past two years, deals worth approximately ₹126 billion and approximately ₹22 billion have taken place in multi-specialty and single-specialty hospitals, respectively.

#### *Innovative business models to help penetration in tier II and III cities*

Given that 65% of the population lives in rural areas, the government is incentivizing private investments in these regions. But private players find it difficult to replicate the model that worked for them in tier I and tier II locations, due to the relatively lower revenue per bed in these regions (due to the low paying capacity in these areas and occupancy of existing facilities). CRISIL Research believes that a volume-centric model focusing on secondary and lower level tertiary care segments with tight control on costs will allow private players to enter and be profitable in rural areas, too.

Healthcare providers generally operate under one of the three models – owned, leased and O&M. In an owned model, the company constructs and installs medical equipment and is wholly responsible for day-to-day operations. This model is highly capital intensive in nature. In case of a leased model, the landowner develops building as per specifications of the company, which takes it on a long-term lease. Capital intensity in a leased model is approximately 50% lower than that of an owned model. In an O&M model, the company signs a contract for managing a standalone hospital against a fixed management fee and share in revenue/profit. This is a low capital-intensive model.

The break-even for each model also differs on a case-to-case basis. However, a typical break-even at operating level under ownership model lies between 2-3 years in a tier II city. In case of a leased model, the break-even gets delayed because of payment of lease rentals. In an O&M model, a company is not generally impacted by the duration of break-even for fixed fees (variable fees will, however, be dependent on break-even).

#### *Established regional presence gives players an upper hand*

Key listed healthcare delivery players in India have established themselves in regions across the country. Those with regional presence have an added advantage over those that don’t.

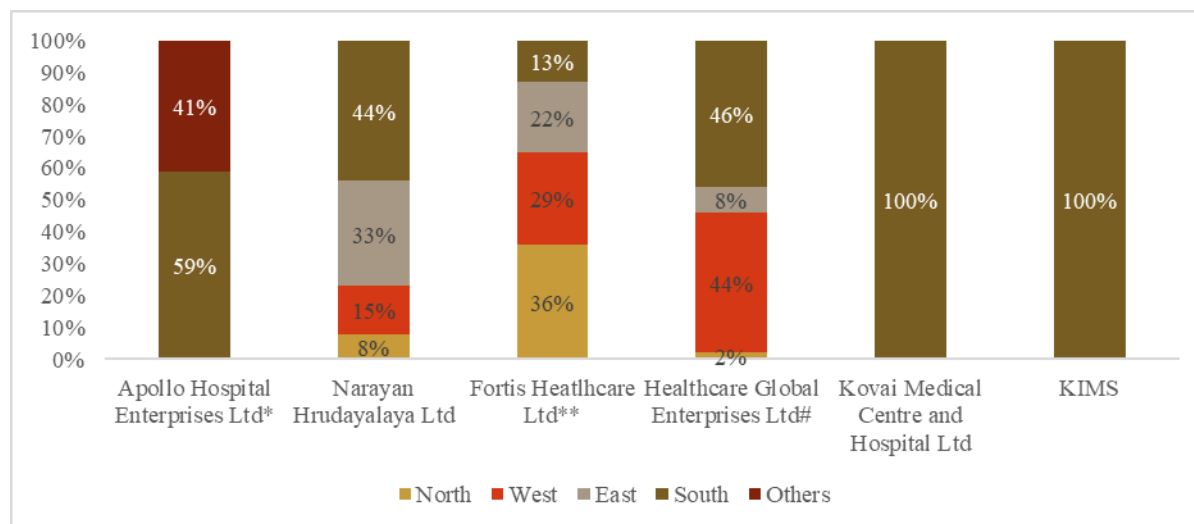
#### Regional presence for maternity players – Number of hospitals

| Players           | North | West | South | East |
|-------------------|-------|------|-------|------|
| Cloud nine        | 6     | 4    | 8     | –    |
| Rainbow Hospitals | 2     | –    | 15    | –    |
| Motherhood        | 1     | 3    | 8     | –    |
| Surya             | 1     | 2    | –     | –    |

Note: Rainbow hospitals has 14 Hospitals, 3 OP clinics

Source: Company websites, CRISIL Research

#### Regional revenue mix of key listed players as of the financial year 2020



\*For Apollo Hospitals Enterprise Ltd (AHEL), revenue from Tamil Nadu, Andhra Pradesh, Telangana, and Karnataka has been considered under the 'south' region. 'Others' includes revenue from 'significant subsidiaries/JVs/associates', as classified by AHEL in its earnings update PPT for Q4 FY20, which includes revenue from Bhubaneswar, Bilaspur, Nashik, Navi Mumbai, Ahmedabad, Kolkata, Delhi, Indore, Assam, and Lucknow.

\*\*For Fortis Healthcare Ltd, revenue contribution from only Indian hospitals has been considered (i.e. excluding revenue from international hospitals).

#Regional mix only for HCGEL centres, which consist of 22 comprehensive cancer centres, 3 multispecialty hospitals, 3 diagnostic centres and 1 multispecialty hospital managed by HCGEL, as of March 31, 2020.

Source: Company annual reports/investor presentations, CRISIL Research

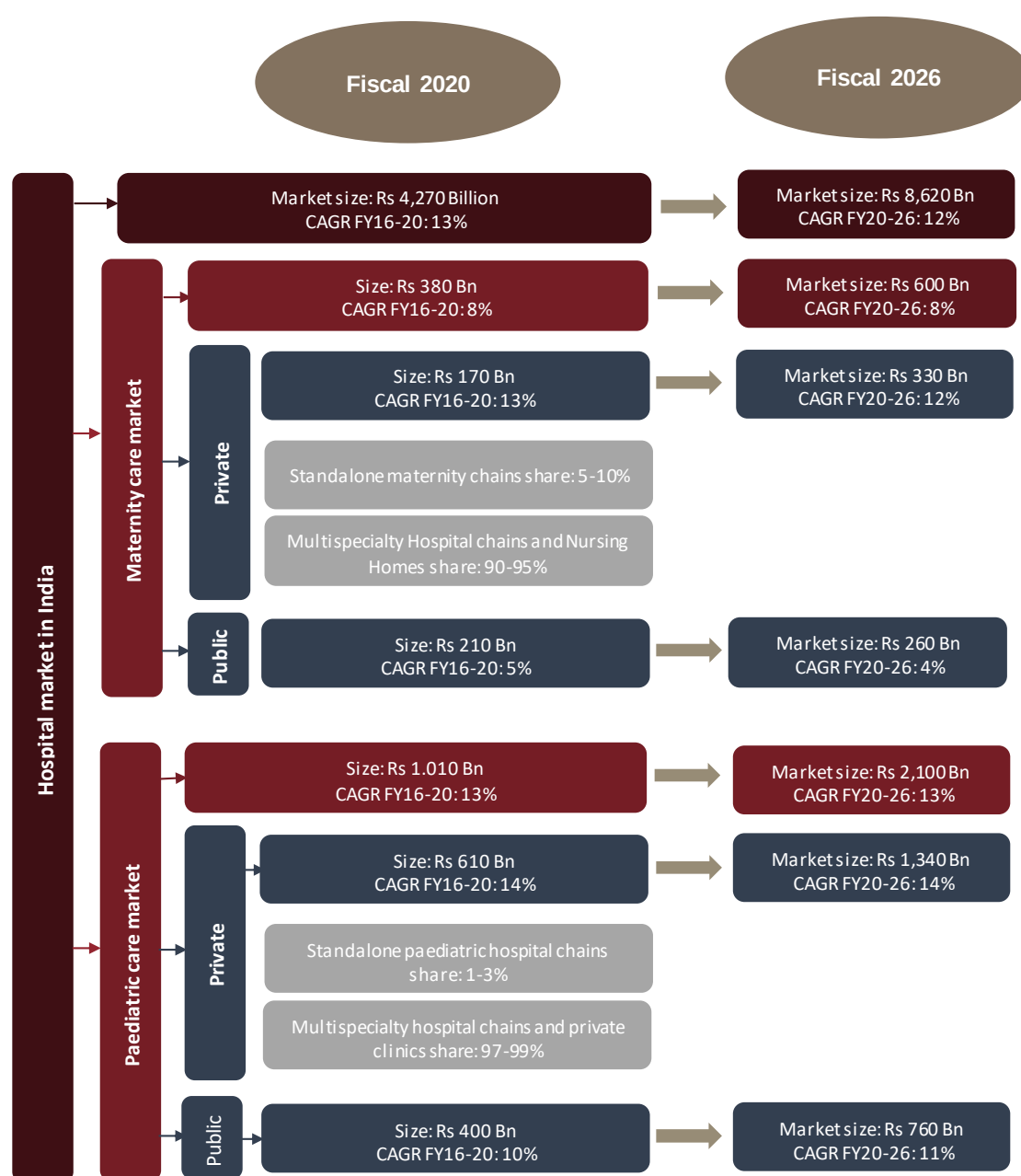
Some of the key advantages of having regional presence include the following:

- Understanding the mentality of people (patients) in a particular region forms a crucial part of connecting and establishing long-term relationships for any hospital. Players with regional presence often have a strong grasp of the regional languages, food preferences, culture, and affordability, which helps them connect and bond with their patients from a long-term perspective.
- Understanding the mentality of doctors is also an important aspect for a hospital. Having regional presence not only gives players access to the key doctors in the region, but it also helps doctors tie up with a brand to enhance their portfolios.
- Integrating talent from well-established allied workforce such as lab technicians and nurses also augers well for established players. There are additional benefits for employees associated with a regional chain, such as easy location transfers for any personal reasons. Hence, workforce in such hospitals sticks longer.

#### **Assessment of Pediatric Care Industry in India**

The total hospital market size in India in the financial year 2020 was expected to be approximately ₹4,270 billion growing at a CAGR of 13% between the financial years 2016 and 2020. The maternity market in India has seen a growth of 8% between the financial years 2016 and 2020 and is expected to grow at 7-8% between the financial years 2020 and 2026 supported by strong growth in private segment of 11-12% CAGR during the same period. The private sector is expected to grow faster on account of increased penetration of institutional deliveries, rising share of private hospitals in rural and urban areas, increase expenditure on maternity healthcare, and rise in treatment cost on account of delayed deliveries. Paediatric market which has grown at 14% CAGR between the financial years 2016 and 2020 is expected to grow at the same growth going forward supported by growth in both private and public sector healthcare units. Increasing awareness on childcare and early diagnosis is expected to contribute to growth for the industry.

## Maternity and paediatric healthcare market in India



Source: CRISIL Research

### **Introduction to Pediatrics Healthcare Services**

Paediatric care is dedicated medical care for children for growth and development, nutrition, prevention of illnesses and treatment of illnesses in children.

Pediatrics is the specialty of medical science concerned with the physical, mental, and social health of neonates, children, and adolescents. Paediatric care encompasses a broad spectrum of health services ranging from preventive health care to the diagnosis and treatment of acute and chronic diseases. Children differ from adults anatomically, physiologically, immunologically, psychologically, developmentally, and metabolically. Hence, different treatment is required to cure ailments in children. A pediatrician is a physician who is concerned primarily with the health, welfare, and development of children and is uniquely qualified for these endeavors.

Neonatology is a subspecialty of pediatrics that consists of the medical care of new-born infants (0-28 days), especially the ill or premature new-born. It is a hospital-based specialty, and is usually practiced in neonatal intensive care units (NICUs). The principal patients of neonatologists are new-born infants who are ill or require

special medical care due to prematurity, low birth weight, intrauterine growth restriction, congenital malformations (birth defects), sepsis, pulmonary hypoplasia or birth asphyxia.

From birth till the adolescent growth spurt, children's physical, intellectual, and emotional capabilities expand tremendously. Children progress from barely tottering to running, jumping, and playing organized sports. Continuous monitoring is required at each stage using established milestones to keep a check on overall development of the child. Apart from regular surveillance on child's intellectual, physical and emotional development, children in this age group are vulnerable to infectious diseases like malaria, pneumonia, diarrhea, HIV and tuberculosis. Pediatrician's expertise is required for overall wellbeing of the child.

Adolescence begins with the onset of physiologically normal puberty, and ends when an adult identity and behavior are accepted. Medical practitioners involved in the care of adolescents must often deal with an arbitrarily set, chronological threshold between adolescence and adulthood, which varies from province to province and even between jurisdictions within a province. However, while adolescence is a recognizable phase of life, its end is not always easily demarcated. This poses problems for practitioners when adolescent patients require care in facilities with restrictive age limits.

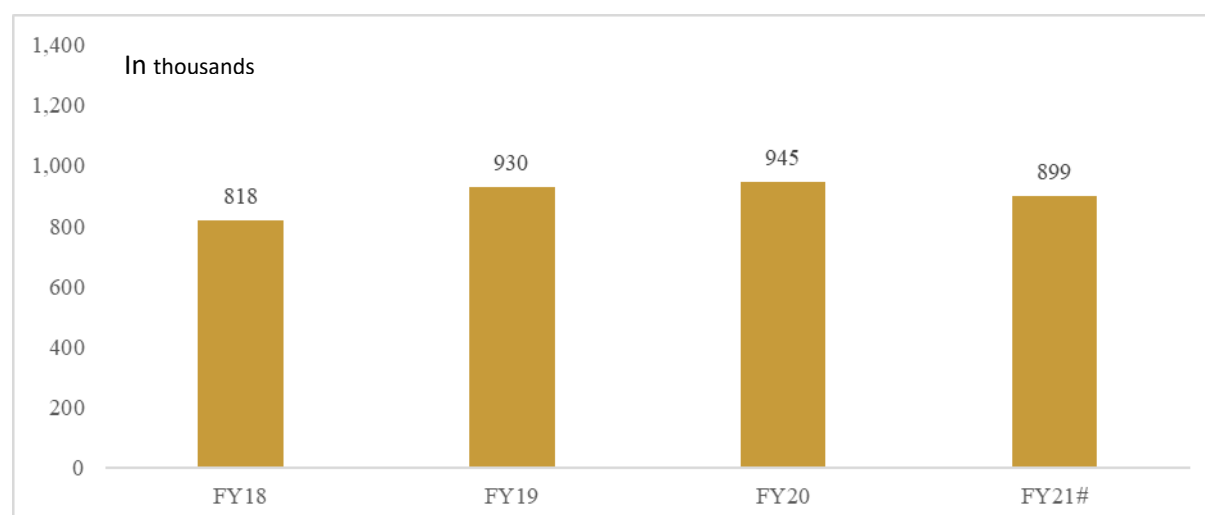
### ***Overview of Childhood Disease Profile in India***

#### ***Pre-term birth lead to many complexities in child development***

A birth that occurs before the 37th week of pregnancy is defined as pre-term birth. Preterm birth occurs for a variety of reasons. Most preterm births happen spontaneously, but some are due to early induction of labor or caesarean birth, whether for medical or non-medical reasons. Common causes of preterm birth include multiple pregnancies, infections and chronic conditions such as diabetes and high blood pressure; however, often no cause is identified. There could also be a genetic influence.

Complications associated with a premature birth include immature lungs, difficulty regulating body temperature, poor feeding and slow weight gain. Premature babies may need longer or more intense nursery care, medication and sometimes surgery. Pre-term birth cases observed in India, according to WHO, are the highest globally.

Number of pre term newborns\* (< 37 weeks of pregnancy)



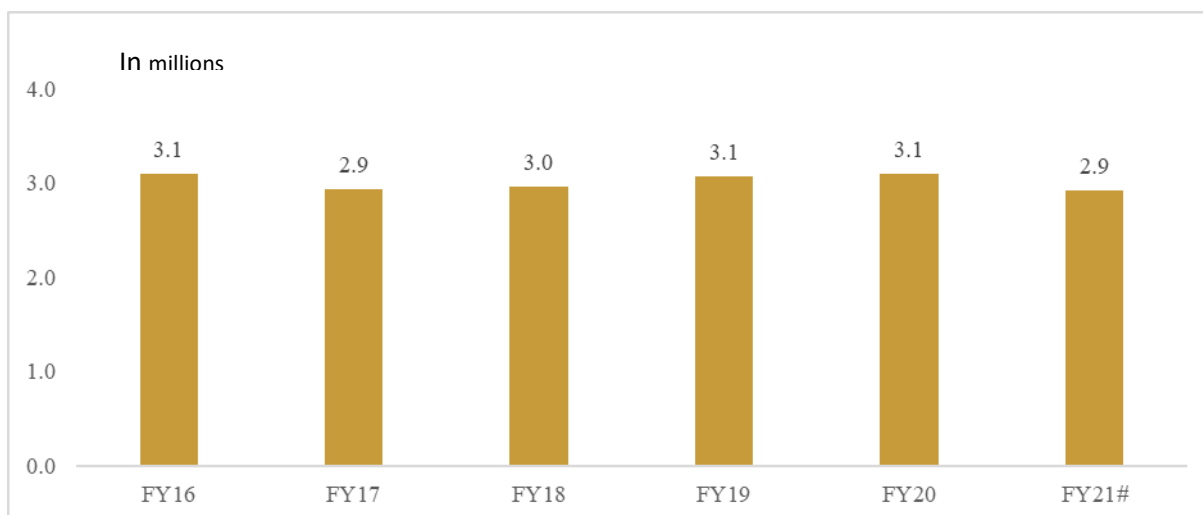
\*Calculated using estimated live birth through HMIS

#Provisional data

Source: HMIS, CRISIL Research

Prematurity is the most common reason for a baby weighing less than 2.5 kg at birth. The earlier the baby is born, the smaller they are likely to be. This is because the baby will have had less time in the womb to grow. A baby gains much of its weight in the last weeks of the pregnancy. Weighing less than 2.5 kilos at birth is closely linked to high rates of neonatal mortality and ill health later in life.

Number of newborns having weight less than 2.5kg\*



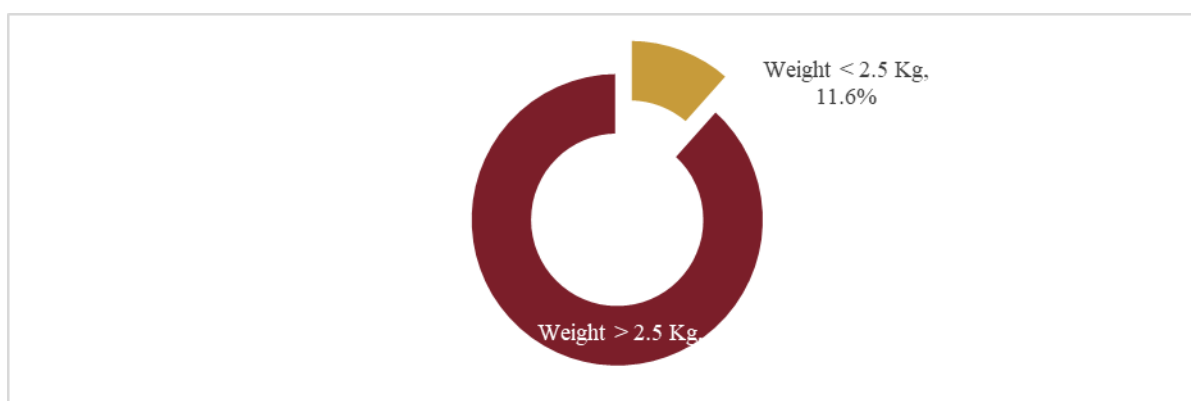
\*Calculated using estimated live birth through HMIS

#Provisional data

Source: HMIS, CRISIL Research

Underweight newborns who survive also have a greater risk of stunting. Stunting is the impaired growth and development that children experience from poor nutrition, repeated infection, and inadequate psychosocial stimulation. Children are defined as stunted if their height-for-age is more than two standard deviations below the WHO Child Growth Standards median.

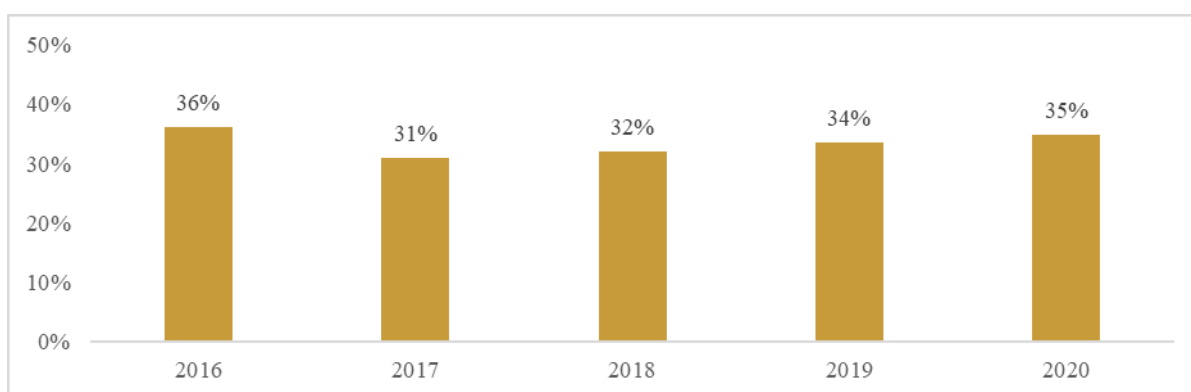
#### Share of newborns having weight less than 2.5 kg



Note: Share of weight < 2.5 kg is average of cases reported between FY16 and FY21

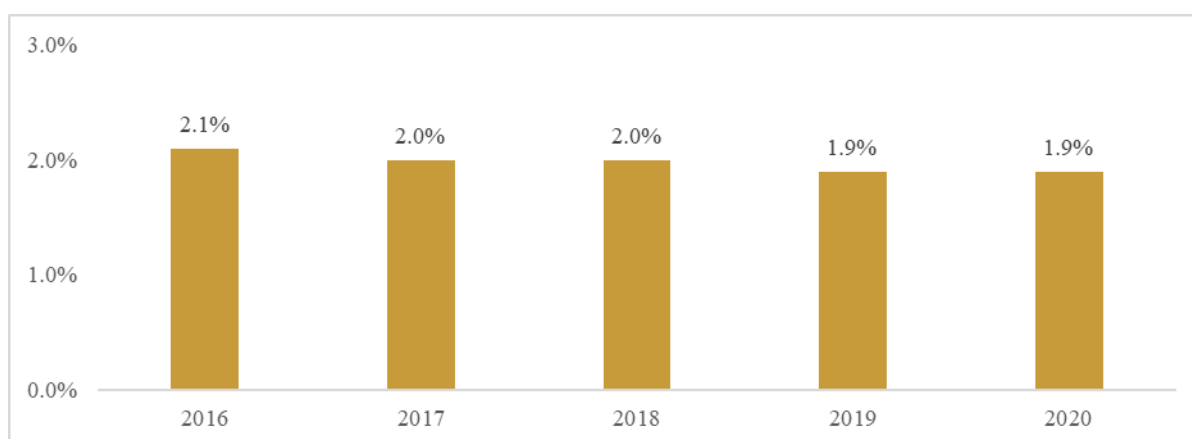
Source: HMIS, CRISIL Research

#### Stunting prevalence among children under 5 years of age (%)



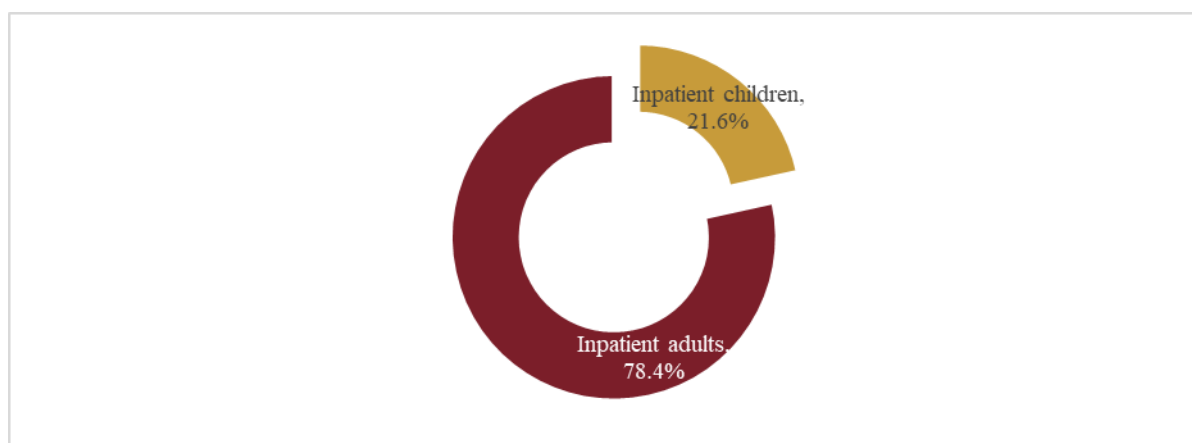
Source: World Health Organization (WHO)

### Overweight prevalence among children under 5 years of age (%)



Source: World Health Organization (WHO)

### Share of inpatient children



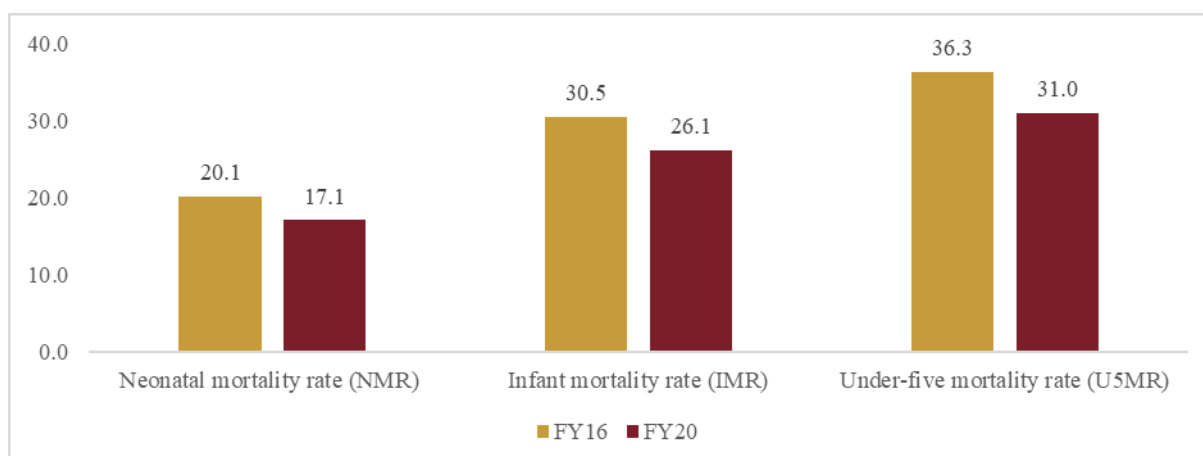
Note: Share of inpatient children is average of cases reported between FY16 and FY21

Source: HMIS, CRISIL Research

### *Mortality rates showed a descending trend*

Prematurity is the major cause of death among neonates. According to WHO, around 40% of the neonatal deaths are because of prematurity. Other major causes for neonatal deaths are asphyxia, sepsis, and infections. Among infants and other children under the age of five, acute lower respiratory infections, diarrheal diseases, other communicable, perinatal and nutritional conditions are the major causes of deaths.

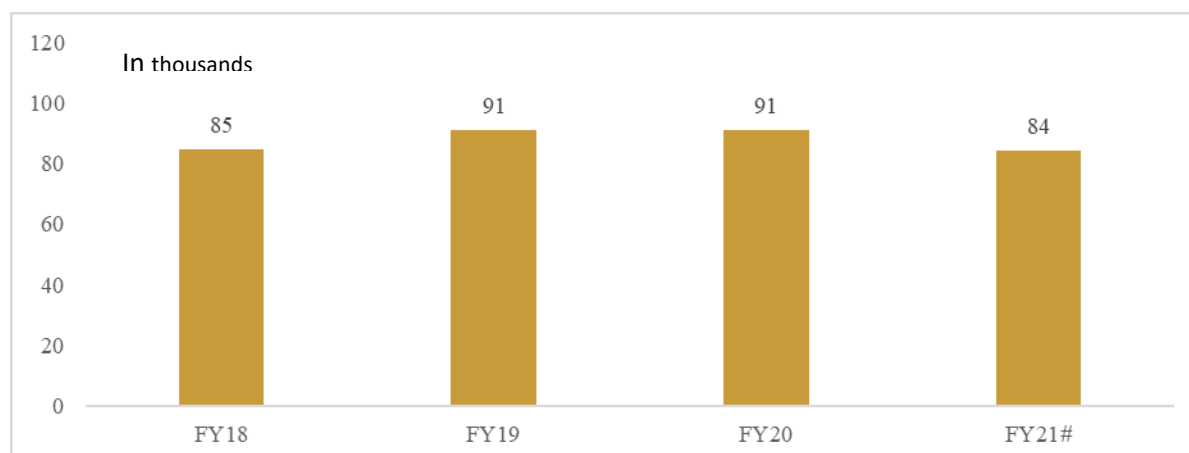
### Mortality rates (per 1000 live births)





Source: National Family Health Survey (NFHS), CRISIL Research

#### Number of deaths occurring at SNCU (Special New-born Care Unit)



#Provisional data

Source: HMIS, CRISIL Research

### **Overview of Pediatric Market in India**

Paediatric care is dedicated medical care for children with serious disease. Paediatric care focuses on growth and development, nutrition, prevention of illnesses and treatment of illnesses in children. Paediatric care is facilitated by a panel of doctors, nurses and other expert caretakers who work together to provide medical care to children below 18 year of age. In CRISIL Research's assessment, they have considered paediatric market as the health care delivery to children in the age bracket 0-18 years.

In India, paediatric healthcare services are offered by public hospitals through district level hospitals and other government healthcare facilities, private multispecialty hospitals through established PICU and NICU wards, standalone paediatric chains, children multi-specialty hospitals, standalone children hospitals, and mother & child hospitals.

The specialties offered by established players in Paediatric healthcare market in India are as follows:

#### Specialties offered by established Paediatric healthcare delivery facilities with perinatal services

|                                              |                                               |
|----------------------------------------------|-----------------------------------------------|
| Neonatology & Neonatal intensive Care (NICU) | Hematology /Oncology & Bone marrow transplant |
| Pediatric Intensive Care (PICU)              | Neurology & Rehabilitation service            |
| Pediatric Emergency                          | Gastroenterology, Nutrition and Liver disease |
| General Pediatrics                           | Pulmonology                                   |
| Pediatric Surgery & Urology                  | Nephrology                                    |
| Infectious Disease                           | Orthopedics                                   |
| Dermatology                                  | Endocrinology                                 |
| Ophthalmology                                | Rheumatology                                  |
| Dentistry                                    | ENT & airway and cochlear                     |
| Plastic surgery                              | Neurosurgery                                  |
| Obstetrics and Gynecology                    | Fetal medicine                                |
| Anesthesia                                   | Infertility                                   |

Source: CRISIL Research

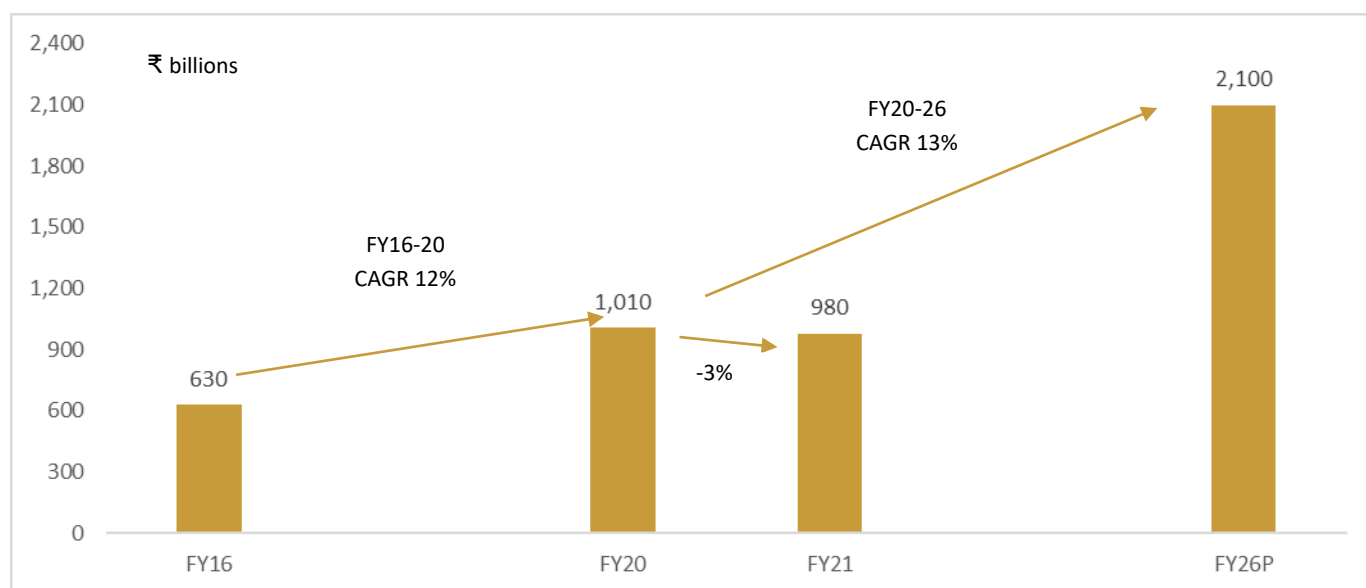
Paediatric market size expected to grow by a CAGR of approximately 13% between the financial years 2020 and 2026

To arrive at the paediatric health care market size, CRISIL Research has assumed patients in the age bracket of 0-18 years. In-patient cases at public and private hospitals, and out-patient cases at public and private hospitals and cases at private clinics have been considered to arrive at the market size.

The paediatric market grew by a CAGR of 12% between the financial years 2016 and 2020. Efforts by government for spreading coverage of paediatric healthcare services, rising income level, betterment in health insurance coverage, and increasing general awareness on healthcare drove the market growth. COVID-19 put a halt to growth in the paediatric market as many children avoided visiting the paediatric healthcare facilities. Over the next five financial years, the paediatric market is expected to expand against the strong growth factors.

CRISIL Research expects paediatric healthcare market to grow by CAGR 13% between the financial years 2020 and 2026.

#### Market size of paediatric healthcare facilities in India



P: Projected

Source: CRISIL Research

#### **Overview of Neo-natal Care Market in India**

A neonatal intensive care unit (“NICU”), also known as an intensive care nursery (“ICN”), is an intensive care unit (“ICU”) specializing in the care of ill or premature new-born infants. Neonatal refers to the first 28 days of life. NICU is typically directed by one or more neonatologists and staffed by resident physicians, nurses, nurse practitioners, pharmacists, physician assistants, respiratory therapists, and dietitians. Many other ancillary disciplines and specialists are available at larger units.

Several attempts to strengthen new-born care in India have been made. Under the National Rural Health Mission, new-born care has become central to the child survival strategy both in community and facility level interventions. Hospital-based neonatal units are being strengthened in India to provide specialized treatment services, which are classified into different levels.

*India follows a 4-level NICU system based on weight and gestational age of neonate:*

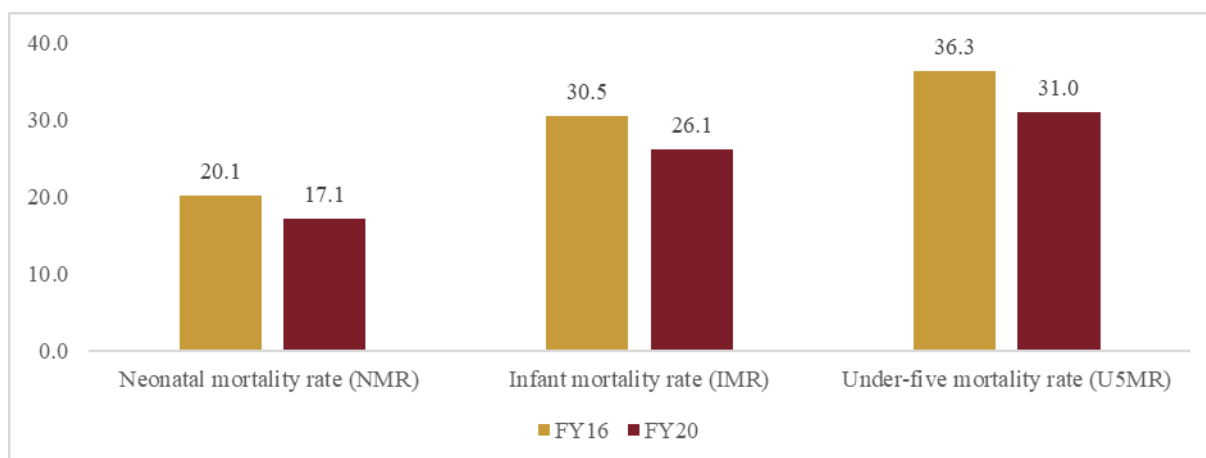
- **Level I care.** Neonates weighing more than 1,800 grams or having gestational maturity of 34 weeks or more are categorized under level I care. The care consists of basic care at birth, provision of warmth, maintaining asepsis and promotion of breastfeeding. This type of care can be given at home, sub-center and primary health center. Admissions in NBSUs would fall under level I care.
- **Level II care.** Neonates weighing 1,200-1,800 grams or having gestational maturity of 30–34 weeks are categorized under level II care and are looked after by trained nurses and pediatricians. The equipment and facilities used for this level of care include equipment for resuscitation, maintenance of thermoneutral environment, intravenous infusion, gavage feeding, phototherapy and exchange blood transfusion. This type of care can be given at first referral units, district hospitals, teaching institutions and nursing homes. Admissions in SNCUs at district public and private hospitals would fall under level II care.
- **Level III care.** Neonates weighing less than 1,200 grams or having gestational maturity of less than 30 weeks are categorized under level III care. The care is provided at apex institutions and regional perinatal centres equipped with centralized oxygen and suction facilities, servo-controlled incubators, vital signs monitors, transcutaneous monitors, ventilators, infusion pumps etc. This type of care is provided by skilled nurses and neonatologists.
- **Level IV care.** This is the highest standard of neonatal care, consisting of pediatric specialists, along with all the expert care providers and the specialized services of a Level III NICU. It also offers facilities like extra corporeal membrane oxygenation and transport services from hospital to home.

Usually, a level IV NICU is a part of a large hospital with expertise in surgical repair of serious congenital or acquired conditions.

*India still the biggest contributor in neonatal deaths globally*

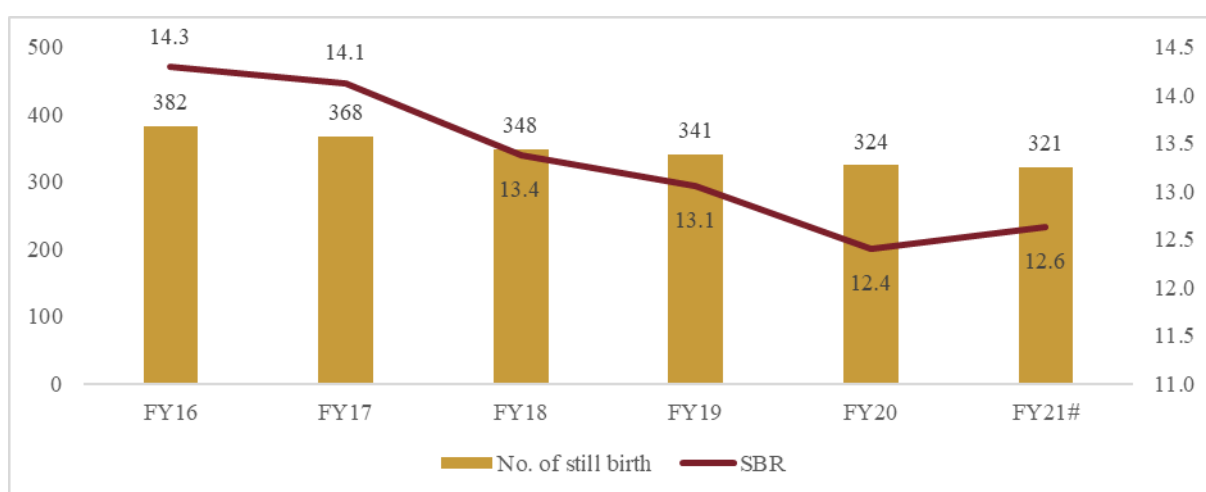
According to UNICEF, the share of India in the global neonatal deaths is over approximately 20%. To control the NMR and IMR, Indian government launched India New-born Action Plan (INAP) in the financial year 2015 with the objective of work towards attainment of the goals of “Single Digit NMR by 2030” and “Single Digit SBR (Still Birth Rate per 1000) by 2030.”

Mortality rates (per 1000 live births)



Source: National Family Health Survey (NFHS), CRISIL Research

Number of still births\* (in '000) and SBR (per 1000 live births)



\*Calculated using estimated live birth through HMIS; #Provisional data

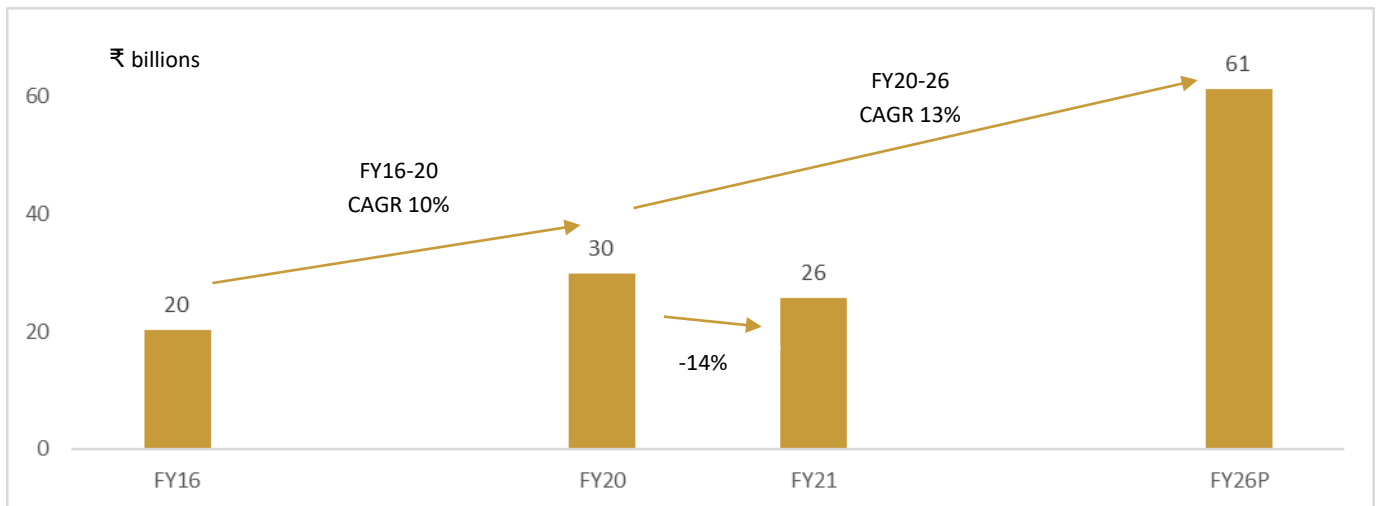
Source: HMIS, CRISIL Research

NICU market expected to pose growth of CAGR 13% between the financial years 2020 and 2026

To arrive at NICU market size, CRISIL Research has taken into consideration number of NBSU and level I admissions, number of SNCU at public and private facilities and level II admissions, and level III admissions at public & private facilities.

NICU market showed a similar trend as observed for paediatric healthcare market size except for the decline in the financial year 2021 due to COVID-19. The lower number of admissions in level II and level III NICUs led to the downfall of 13.7% in the NICU market. Continuous efforts by the government and emergence of private players in the tertiary care expected to drive the growth of the NICU market. CRISIL Research expects CAGR 13% NICU market growth between the financial years 2020 and 2026.

Market size of neonatal care (NICU) market in India



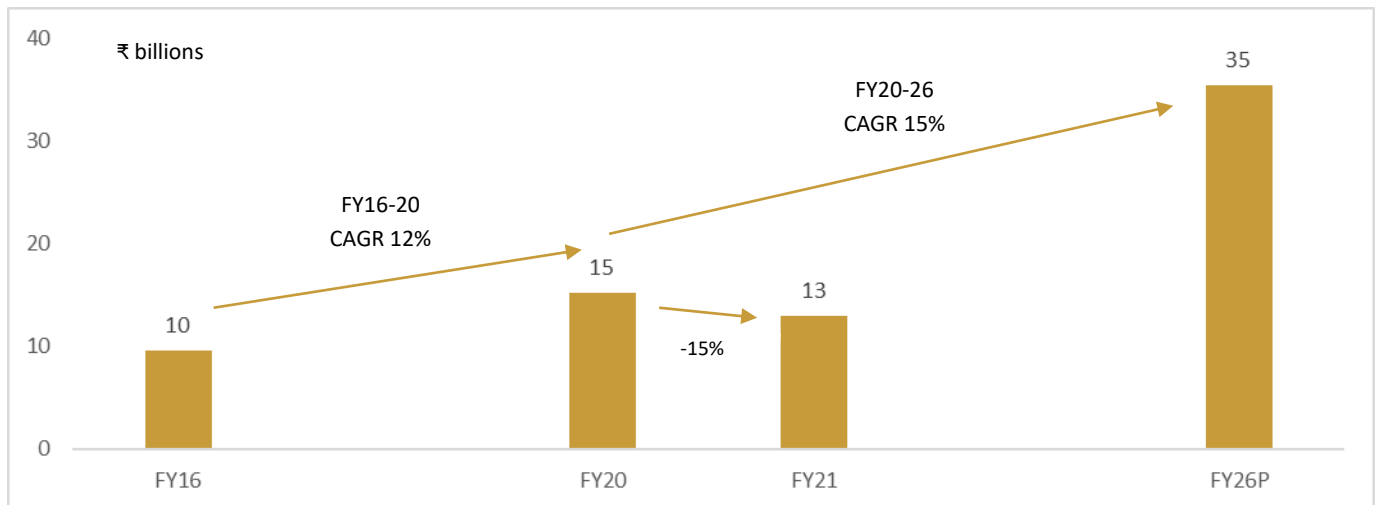
P: Projected

Source: CRISIL Research

*NICU private market expected to show relatively stronger growth*

Private NICU market size is around half of the total NICU market size in the financial year 2021. The share of private NICU market is expected to increase in the upcoming financial years as the segment is anticipated to show a higher growth. Technical advancements to cater to niche areas and emergence of new private players in the NICU market expected to boost the growth. CRISIL Research projects CAGR 15% between the financial years 2020 and 2026 in private NICU market.

#### Market size of private neonatal care (NICU) market in India



P: Projected

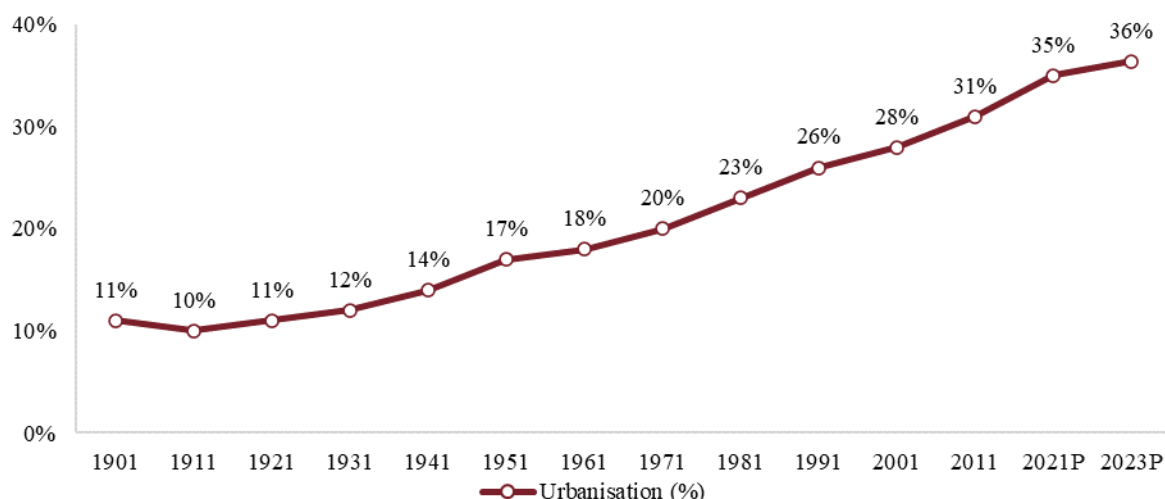
Source: CRISIL Research

#### **Factors Leading to Rise in Demand for Pediatric Healthcare Services and Neo-natal Care units**

*Increasing health awareness to boost hospitalization rate*

The majority of healthcare enterprises in India is more concentrated in urban areas. With increasing urbanization (migration of population from rural to urban areas), awareness among the general populace regarding presence and availability of healthcare services for both preventive and curative care is expected to increase.

#### Urban population in India as a percentage of total population

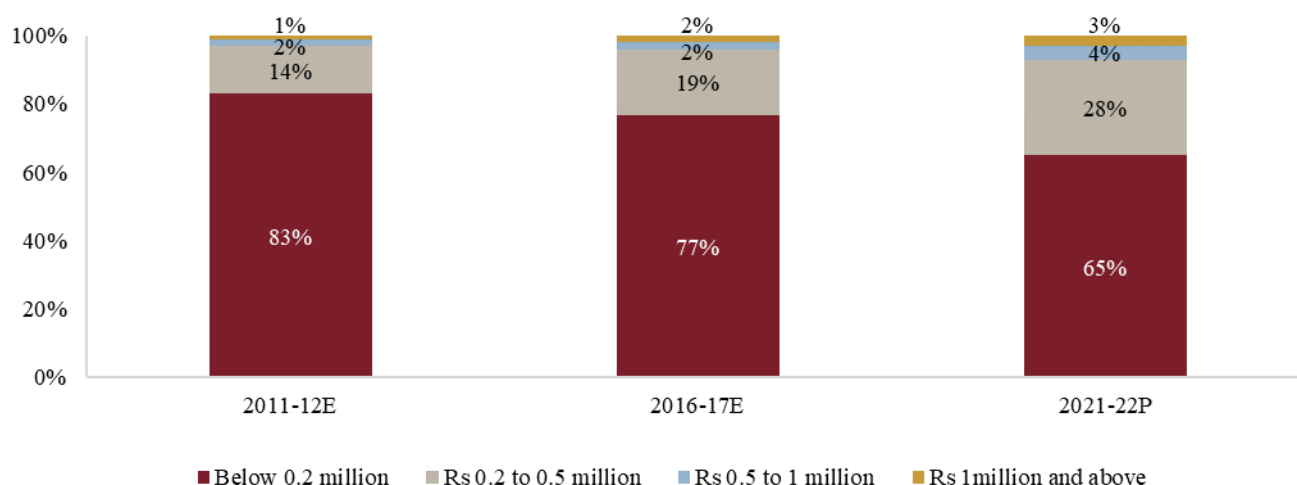


Source: UN World Urbanisation Prospects: The 2018 revisions

### *Rising income to make quality paediatric healthcare more affordable*

Even though paediatric healthcare is considered a non-discretionary expense, considering that an estimated 83% of households in India had an annual income of less than ₹0.2 million in the financial year 2012, affordability of quality healthcare facilities remains a major constraint. Growth in household income and, consequently, disposable income are critical to the overall growth in demand for healthcare delivery services in India. The share of households falling in the income bracket above ₹0.2 million is expected to go up to approximately 35% in the financial year 2022 from approximately 23% in the financial year 2017.

### Income demographics



Source: CRISIL Research

### *Growing health insurance penetration to propel demand for the healthcare market, including pediatrics and neonatal care*

Low health-insurance penetration is one of the major impediments to the growth of the healthcare delivery industry in India, as affordability of quality healthcare facilities by the lower-income groups remains an issue. As per the Insurance Regulatory and Development Authority (IRDA), nearly 499 million people have health insurance coverage in India (as of the financial year 2020), as compared to 288 million (in the financial year 2015), but despite this robust growth, the penetration in the financial year 2020 stood at only 36%. CRISIL Research believes that while low penetration is a key concern, it also presents a huge opportunity for the growth of healthcare industry in India. With the PMJAY, the country's insurance coverage is expected to increase substantially over the next five financial years. Furthermore, with health insurance coverage in India set to

increase, hospitalization rates are likely to go up.

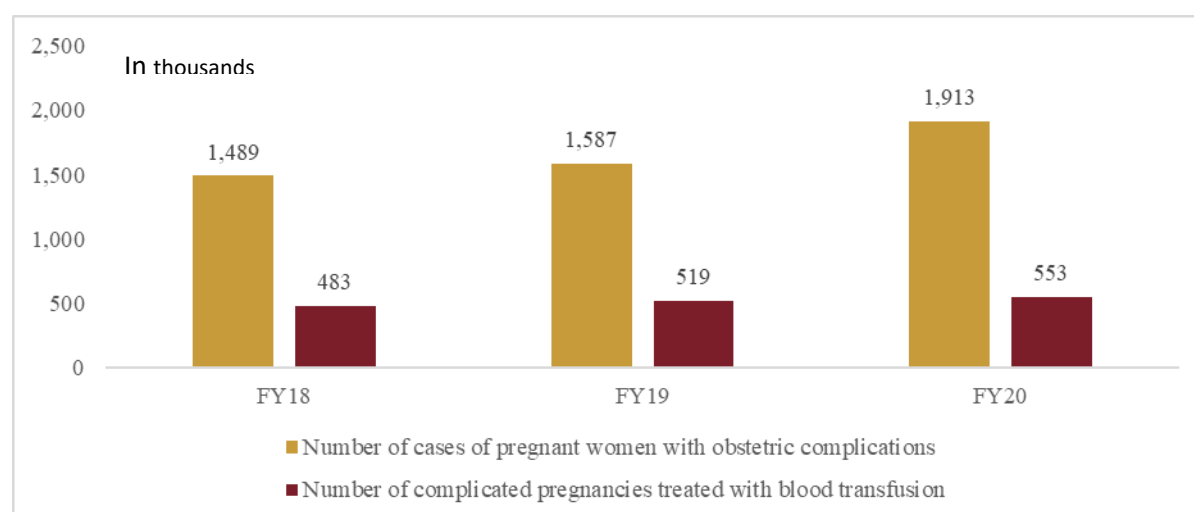
#### *Rise in maternity age*

Women in the 25-29 years age group contributed to 32% of the births in the 2010-2015 period, up from 28% in the 2000-2005 period. The average age of women delivering a baby is increasing. The 25-29 years age group and the 30-34 years age group is expected to contribute to higher share in live births going forward, contributing to 37% and 19% of the live births, respectively, in the 2020-2025 period and 40% and 23% of the live births, respectively, in the 2025-2030 period. With the increase in pregnancy age the demand for neonatal care is expected to increase an upsurge as number of complications arising from pregnancies may witness a rise.

#### *Rise in pregnancy complication*

Complications of pregnancy are health problems that occur during pregnancy. They can involve the mother's health, the baby's health, or both. Some women have health problems that arise during pregnancy, and other women have health problems before they become pregnant that could lead to complications. The number of such cases saw an uptrend between the financial years 2018 and 2020. With further increase in cases with complications during pregnancy, demand for paediatric and neonatal care service can see an escalation.

#### Cases with complications during pregnancy



Source: HMIS, CRISIL Research

#### *Rise in awareness and penetration of healthcare service in India*

Currently, the Indian healthcare market is less penetrated compared to the developed nations. The Government is continuously taking measures to deliver healthcare services to the masses. Launch of Ayushman Bharat Yojana, also known as the Pradhan Mantri Jan Arogya Yojana (PMJAY), was one such intervention through which the government aims to help economically vulnerable Indians who need healthcare facilities.

With the launch of PMJAY and 500 million beneficiaries, there will be requirement of approximately 0.64 million additional beds over the next 10 years. In the financial year 2020, the country had 14,379 hospitals with 0.63 million beds. The requirement would mainly arise from tier II and III cities. Private players have started tapping to these regions with adjusted business models. To encourage creation of medical infrastructure in tier II and III cities, government has announced viability gap funding up to 40% of the total project cost, applicable to hospitals willing to empanel under Ayushman Bharat.

With favorable socio-economic demographics for the healthcare market, the rising internet penetration in the country is also expected to increase awareness about the healthcare services being offered in the vicinity.

#### **Assessment of Obstetrics/Maternity Care Industry in India**

##### *Super-specialty obstetrics healthcare services are becoming more prevalent*

Obstetrics is a medical specialty dealing with the fields of birth and related issues. Obstetrics involves care

provided during pre-conception, pregnancy, childbirth, and immediately after delivery. Whereas Gynecology involves care of all other women's health issues.

An obstetrician is a physician who specializes in the surgical care of women and their children during pregnancy, childbirth, postpartum and post-natal care. They also perform regular ultrasounds during pregnancy to determine the health of the fetus, identify any complications and know the gestational period of the fetus. Identify if there are any high-risk factors in women during pregnancy, delivery and later.

Antenatal care is the routine health control of presumed healthy pregnant women without symptoms (screening), in order to diagnose diseases or complicating obstetric conditions without symptoms, and to provide information about lifestyle, pregnancy and delivery.

Antenatal care is a form of preventive health care which promotes monitoring of the mother and child throughout the pregnancy to minimize delivery risk by identifying risks such as hypertension, gestational diabetes etc. providing care at the right time. Focus on antenatal care has proven to increase the chance of outcomes for a safe delivery and also reduces morbidity and mortality rates of the both the mother and the child. Antenatal care also provides the mother an opportunity to receive counselling on healthy behaviors, emotional and psychological support from a skilled health practitioner. Antenatal care access in India varies with socio-economic status and geographic location. Various center and state government programs and initiatives are designed to promote mother get regular antenatal check-ups.

*Urban Tier I and II cities are seeing rise in number of super-specialty obstetrics and child care offerings in country*

| Cities                 | Maternity and childcare hospitals                                                                                                                                                                                         | Maternity and childcare chains                                                                   | Multi-specialty hospitals with maternity offerings                                                                                                                                                                                   |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mumbai and Navi Mumbai | Nowrosjee Wadia Maternity Hospital, Currae Gynaec IVF Birthing Hospital                                                                                                                                                   | Cloudnine, Motherhood Hospitals                                                                  | Fortis Hospital, Sevenhills, Lilavati Hospital, Tata Memorial Hospital, Breach Candy, Kokilaben Dhirubai Ambani hospital, L Raheja Hospital, Hinduja Healthcare, Jaslok Hospital                                                     |
| Bangalore              | Dr Rao's Maternity Clinic, Offspring Maternity & Childcare                                                                                                                                                                | Cloudnine, Motherhood Hospitals, Rainbow Children's Hospital, Ovum Hospitals, Kangaroo Care      | Fortis Hospital (The Nest), Apollo (Cradle), Manipal Hospital, Mallya Hospitals, Aster- Women and Children                                                                                                                           |
| Chennai                | Kanchi Kamakoti Child's Trust Hospital, Metha Children's Hospital, Neolife Hospital                                                                                                                                       | Cloudnine, Rainbow Children's Hospital, Motherhood                                               | Apollo (Cradle), Soorya hospital, Fortis hospitals, Billroth hospitals, St.Thomas hospital, Prashanth Hospital, Gleaneagles Global health city hospital                                                                              |
| Delhi and NCR          | Mother's Nest at Moolchand, SCI Hospital, Rosewalk Luxury Hospital for Women                                                                                                                                              | Cloudnine, Motherhood Hospitals, Rainbow Children's Hospital, Mother's Nest - Moolchand Hospital | Fortis (La Femme), Artemis Women & Child Center, Columbia Asia, Adiva Super-specialty, Apollo hospitals, BLK Super Specialty Hospital, AIIMS, Indraprastha, Medantha Hospital, Max Healthcare, Columbia Asia, Sri Ganga Ram Hospital |
| Hyderabad              | Ankura Hospitals, Fernandez Hospitals, HOPE Children's Hospital, Safe Children's Hospital, Sai Shiva Children's Hospital, Shine Children's Hospital, Krishna Women and Children's Hospital, Suraksha Women and Child Care | Rainbow Children's Hospital, Motherhood Hospital, Lotus Hospitals                                | Apollo hospitals, KIMS hospitals, Sunshine hospitals, Yashoda hospitals, Ozone hospitals, Virinchi hospitals, Vijay Mariee Hospital, Medicovert hospitals                                                                            |
| Pune                   | Gupte Hospitals                                                                                                                                                                                                           | Cloudnine, Motherhood Hospitals                                                                  | ONP Hospitals, Columbia Asia Hospital, Sahyadri Hospital, Ruby Hall Clinic, Deenanath Mangeshkar Hospitals and Research Center, Aditya Birla                                                                                         |

|               |                                                                                                          |                                              |                                                                                                           |
|---------------|----------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------|
|               |                                                                                                          |                                              | Memorial Hospital                                                                                         |
| Indore        | Verma Nursing Home, Pranshu Surgical & Maternity Center, Angel Women's Hospital                          | Cloudnine, Motherhood Hospitals              | Chothiram Hospital & Research Center, Arihant Hospital & Research Center, Jyoti Multi Speciality Hospital |
| Vijayawada    | Mother and Child Family Hospital, Vennela Mother and Child hospital, Blossom's Mother and Child Hospital | Rainbow Children's Hospital                  | Manipal hospitals, Latha super specialities hospital, Sentini hospital, Kamineni hospital                 |
| Chandigarh    | Dr Jagit Singh (Chandigarh Children & Maternity Hospital), Bedi Hospital, Chaitanya Hospital             | Motherhood Hospitals                         | Ivy Hospital                                                                                              |
| Visakhapatnam | Krishna Children's Hospital, Padmavathi Nursing Home                                                     | Rainbow Children's Hospital, Lotus Hospitals | Medicover Hospitals (Woman & Child)                                                                       |

*Note: The list of hospitals is not exhaustive*

*Source: CRISIL Research*

### *New-age offering for obstetrics care is gaining prominence in urban areas*

Some of the new age offerings for expectant mothers includes personalized diet and nutrition consultancy, yoga classes, professional photography for mother and child to capture initial moments. The new age offering for expected mother revolves not only around ante-natal care and check-ups but also on experiential care and offerings to make the journey of being a mother comfortable, memorable and luxurious.

### Overview of obstetrics offering

|                                              | Regular Offerings – Urban and Rural Areas – private hospitals | New-age Offerings – Urban areas – Private and specialized maternity chains |
|----------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------|
| <b>PRE-NATAL / ANTE-NATAL</b>                |                                                               |                                                                            |
| Check-ups / Examinations                     | ✓                                                             |                                                                            |
| Supplements Advice                           | ✓                                                             |                                                                            |
| Immunization (TT & TD                        | ✓                                                             |                                                                            |
| Personalized diet & nutrition                |                                                               | ✓                                                                          |
| Antenatal Classes                            |                                                               | ✓                                                                          |
| Yoga Classes                                 |                                                               | ✓                                                                          |
| Physiotherapy                                |                                                               | ✓                                                                          |
| Labor and delivery classes                   |                                                               | ✓                                                                          |
| Lamaze                                       |                                                               | ✓                                                                          |
| professional photography – capturing moments |                                                               | ✓                                                                          |
| <b>POST NATAL</b>                            |                                                               |                                                                            |
| Breastfeeding & lactation classes            |                                                               | ✓                                                                          |
| Lactation consultation                       |                                                               | ✓                                                                          |
| Baby fetal brain development classes         |                                                               | ✓                                                                          |
| Baby childcare sessions                      |                                                               | ✓                                                                          |
| <b>CHILD CARE POST-NATAL</b>                 |                                                               |                                                                            |
| Intensive care                               | ✓                                                             | ✓✓                                                                         |
| Stem cell banking                            |                                                               | ✓                                                                          |

*Note: Lamaze involves psychological and physical preparation by the mother in order to reduce pain and facilitate delivery without unnecessary medical intervention.*

There are new maternity chains such as Apollo Cradle, Cloud nine, Motherhood, Ovum, Rainbow, Fortis La Femme, Cocoon – Jaipur, etc. are specialized maternity care hospitals catering to mother and childcare. These hospitals are largely located in Tier I and Tier II cities, where the demographics includes working women, higher per capita income, propensity to spend on add-on care and comfortable healthcare facilities. The target audience of such hospitals are not just mothers who have complication and needs attention and care during pregnancy but healthy aspirational to-be-parents who wants better facilities and treatments and want to experience a journey for becoming parents



### *Preference for specialty private maternity hospitals have increased*

Increasingly working women are preferring standalone maternity hospitals and antenatal care services rather than traditional nursing homes for obstetrics healthcare services. The number of institutional deliveries in private hospitals have also increased from 29% in the financial year 2016 to 32% in the financial year 2020 as per HMIS database. Institutional births in urban areas prefer private hospitals more as compared to institutional births in rural areas. In 2020, among institutional childbirths, in rural areas, about 69% cases were in government hospitals and about 21% in private hospitals and, in urban areas, about 48% cases were in government hospitals and 52% were in private hospitals, thus urban areas have higher preference for private hospitals.

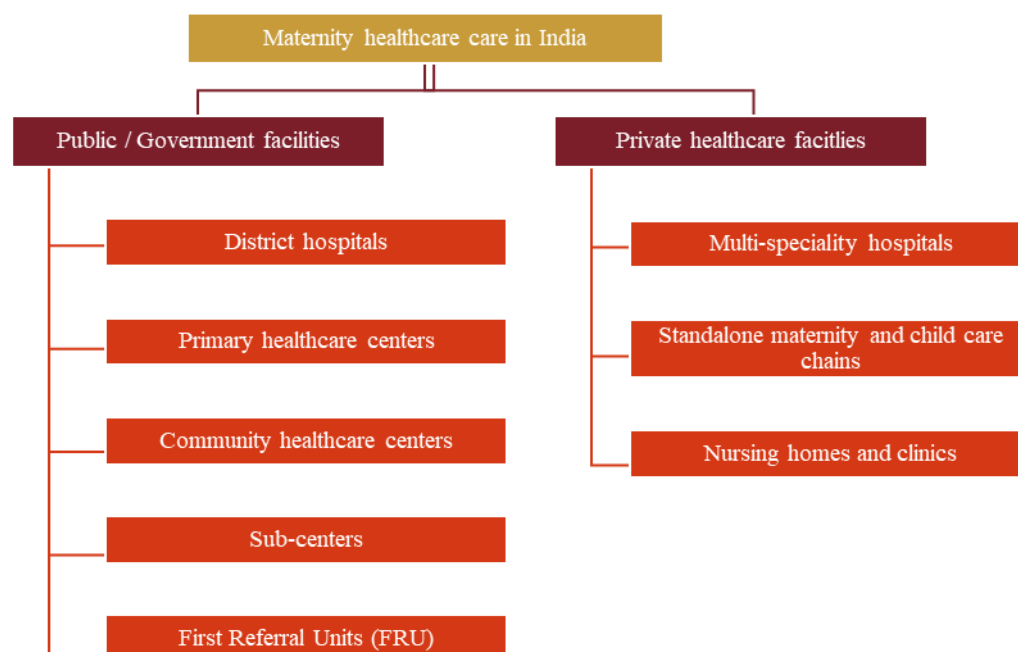
India is also witnessing rise in antenatal care awareness with government awareness programs and supportive healthcare policies. Share of pregnant women received 4 ANC checkups have gone up from 51.2% in the financial year 2016 to 79.4% in the financial year 2020.

### Mothers who had at least 4 antenatal care visits (%)

| Pan-India                                                 | FY16  | FY18  | FY19  | FY20  |
|-----------------------------------------------------------|-------|-------|-------|-------|
| Percentage of pregnant women that received 4 ANC checkups | 51.2% | 63.5% | 73.3% | 79.4% |

Source: CRISIL Research

### Type of healthcare units in India offerings obstetrics and antenatal care

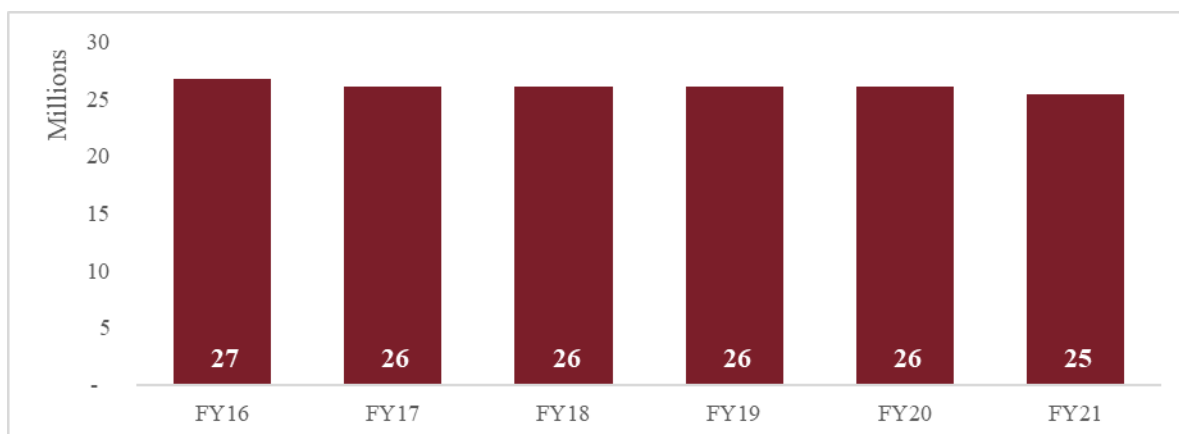


Source: CRISIL Research

### *Demand for obstetrics services remains high in India on account of size of population*

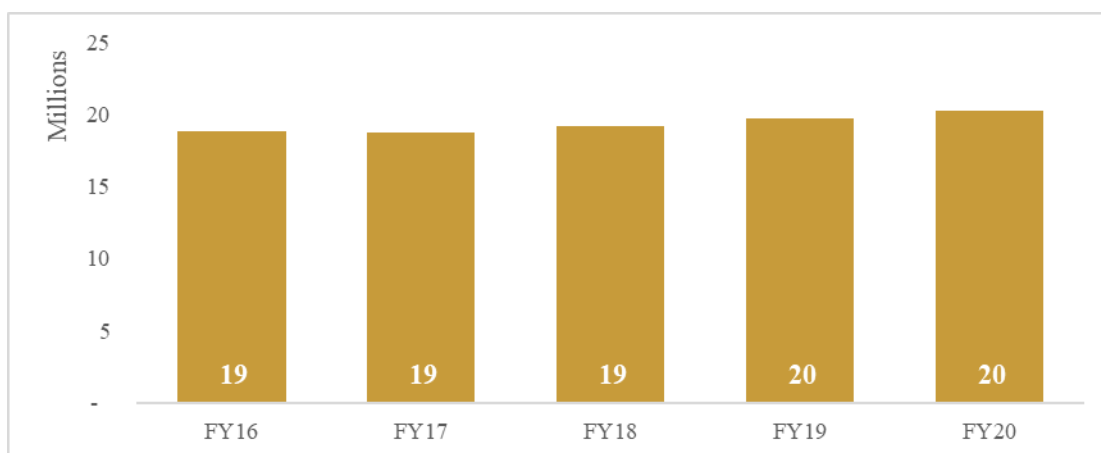
India registers nearly 25-27 million childbirth every year. India is the second most populous country after China with population of 1,380 million in 2020. India registers nearly 25-27 million births every year. India reports the highest number of pregnancies in the world with 36.7 million pregnancies in 2020.

### Child-birth in India



Source: HMIS, CRISIL Research

Number of institutional deliveries conducted in India has seen rise from the financial year 2016 onwards



Source: HMIS, CRISIL Research

Share of C -Section deliveries performed in India as a percentage of institutional deliveries increased from 18.7% in the financial year 2018 to 20.5% in the financial year 2020. This has been driven by rise in complication of pregnancies due lifestyle changes such as rise in sedentary lifestyle, rise in age of women for first-time pregnancies, etc. Gynecology-Hysterectomy surgeries contributes to 11-13% of total major surgeries performed in India, indicating potential demand for gynecology surgeries in India for maternity hospitals.

Share of total C -Section deliveries performed in India as % of institutional deliveries

| Parameter                                                          | FY18  | FY19 | FY20  |
|--------------------------------------------------------------------|-------|------|-------|
| Share of c-section deliveries to reported institutional deliveries | 18.7% | 20%  | 20.5% |

Source: CRISIL Research

Share of gynecology and hysterectomy surgeries in major operations in India

| Parameter                                                             | FY18 | FY19  | FY20  |
|-----------------------------------------------------------------------|------|-------|-------|
| Gynecology – Hysterectomy surgeries in total major surgeries reported | 13%  | 12.6% | 11.2% |

Source: CRISIL Research

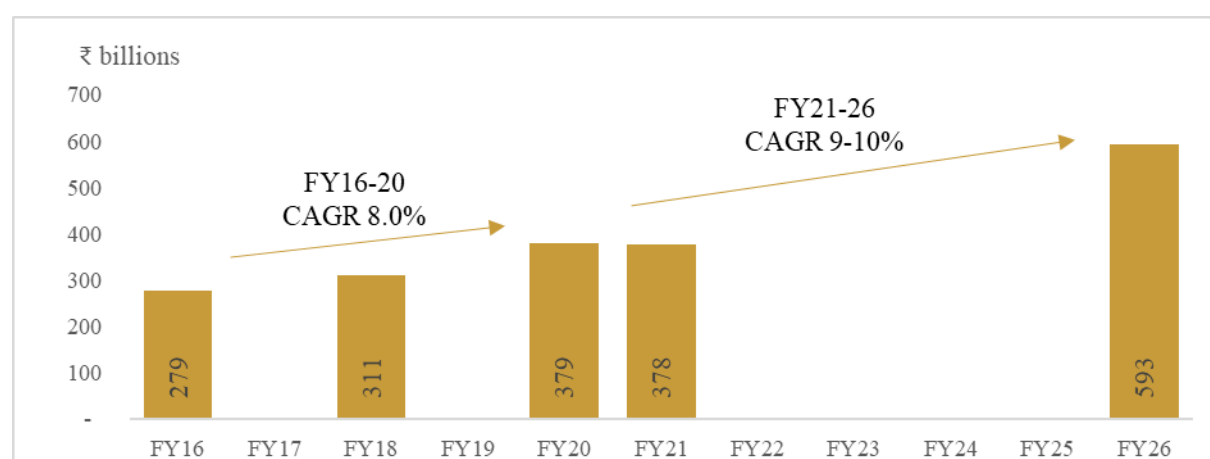
*Maternity care contributes to 9% of overall healthcare delivery market in India*

CRISIL Research estimates the maternity healthcare market at ₹380 billion in the financial year 2020. The overall maternity delivery market registered a growth of 8% between the financial years 2016 and 2020. Maternity care (obstetrics) is estimated to contribute to 9% of overall healthcare delivery market. Going forward, CRISIL Research expects the maternity healthcare market to reach ₹593 billion in the financial year 2026.

The growth in the market is largely driven by urban market with increase in average health expenditure on childbirth and related antenatal care and increased penetration of institutional pregnancies. This growth is driven by India's increasing aspirational middle-class population, increase in per capita income of urban India with considerable amount disposable income, increasing participation of women in the workforce which in turn has given rise to the count of dual income household and availability of multiple financing options increasing spending on insurance plans and medical services related to birthing. The rural market is driven by increased penetration of healthcare services and moderate increase in expenditure supported by growth in per capita income.

Birthing is an important moment in a couple's life, with increasing workload and sedentary activities, couples want to ensure the birthing experience is smooth, hassle-free, comfortable as well as memorable. New-age couples want to experience the birthing journey by having the best that is available in terms of treatment, hospital facilities, doctor consultancy, antenatal and post-natal physical well-being, etc. These factors are expected to drive the demand of comprehensive high risk obstetrics units where the couples can avail quality services such as high risk pregnancy care with maternal intensive care with 24x7 coverage, full-fledged fetal medicine department with capabilities of fetal interventions, along with blood bank facilities within the hospital care. Drift towards demand of such higher quality services is also expected to add to the maternity care market growth

#### Maternity healthcare delivery services in India

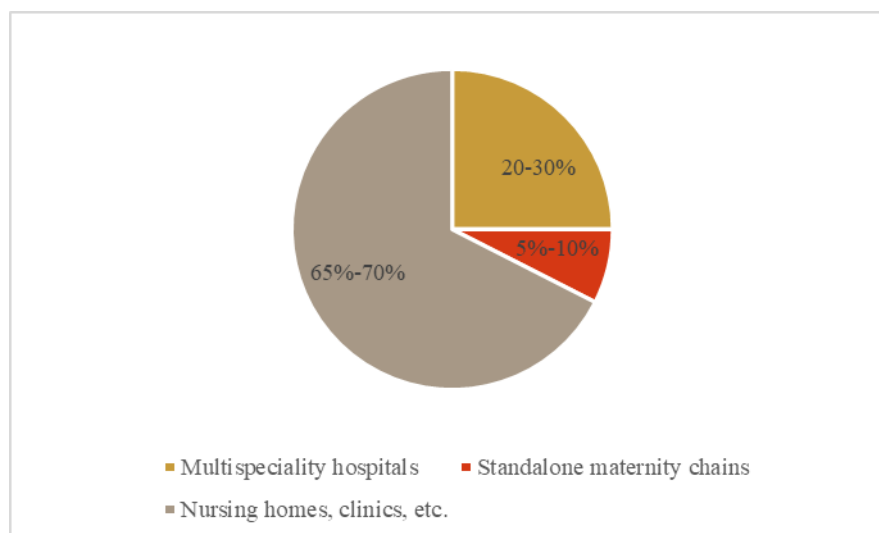


Source: CRISIL Research

Private maternity care market is expected to grow at CAGR of 11-12% between the financial years 2021 and 2026

Private maternity healthcare market grew at 4-5% CAGR between the financial year 2016 and 2020 from ₹173 billion to ₹208 billion. The private maternity care market is expected to grow at CAGR of 11-12% between the financial years 2021 to 2026 to reach a value of ₹261 billion in the financial year 2026. The growth in private hospitals is driven by increase in C-section delivers driving up average revenue per patient, increased complication in pregnancies due to late pregnancies, and rise in demand for value added services. CRISIL Research estimates that standalone maternity chains have a share of 5-10% in overall maternity healthcare market, while local nursing homes and maternity clinics contributes to 20-30% of the maternity market in the financial year 2020.

#### Segmentation within private segmentation within private maternity hospitals



Source: CRISIL Research

#### Specialties offered by established Maternity healthcare chain facilities

|                         |                   |
|-------------------------|-------------------|
| Obstetrics              | Gynecology        |
| Pediatrics              | Fetal medicine    |
| Anesthesia              | Fertility         |
| Neonatology and NICU    | Stem cell banking |
| Nutrition and dietetics | Menopause         |
|                         | Cosmetic care     |

Source: CRISIL Research

#### *Fertility segment as additional offering for maternity care has potential for growth*

Assisted reproductive technology (“ART”) has witnessed strong growth in the last few years. Incidence of infertility in India is between 10 and 15% resulting in approximately 25 to 30 million couples are likely to be infertile in the country at any given time. As per industry sources India reports roughly 0.2- 0.25 million IVF cycles in a year in 2020.

ART treatment is now being increasingly available to infertile couples. Furthermore, as the economy has expanded, many infertile couples can now afford and the sophisticated ART treatment. This has led to an enormous increase in the number of ART clinics providing care to these couples. India has recorded the high growth in ART centers and the number of ART cycles being performed in our country has steadily risen over the last decade.

#### *Growth drivers for maternity hospitals in India*

- Rise in working women population in urban areas. With the increase in working women population in urban areas the awareness and affordability increases. Women are more aware of the pre-natal and post-natal healthcare services and tend to spend higher for better lifestyle experiences. This has resulted in demand for private hospitals increasing and chained hospital brands
- Changing consumer behavior away from traditional maternity practices. Consumer behavioral changes has resulted in increase in institutionalized deliveries over the past decade. In the last 5 years the percentage of institutionalized deliveries has increased from 66.6% in the financial year 2016 to 71% in the financial year 2021. This is due to younger population preferring better healthcare facilities compared to the traditional at home delivery techniques. Even though the institutionalized delivery percentage has increased yet 29% of the deliveries are not in hospitals as yet. This trend is expected to continue resulting in increase in institutionalized deliveries and growth for hospitals.
- Experiential Value-added services: The occasion of child birth is a time for celebration and private hospitals look at this as a market need by offering value added service that will increase the overall perceived care. Hospitals offer service like virtual baby showers during the COVID-19 pandemic, photography session across pregnancy trimester as way for the new mothers to express their joy on the

arrival of the new-born and care availed at the institution.

- Rise in demand for healthcare chains. Single specialty maternity and paediatric chains are being preferred compared to nursing homes due to availability of specialized doctors and wide array of services. The maternity and paediatric chains have witnessed a strong growth of higher than 30% CAGR over the financial year 2016 to the financial year 2020 period due to increase in demand and higher penetration. The preference of chained hospitals is expected to increase with higher penetration of larger brands.

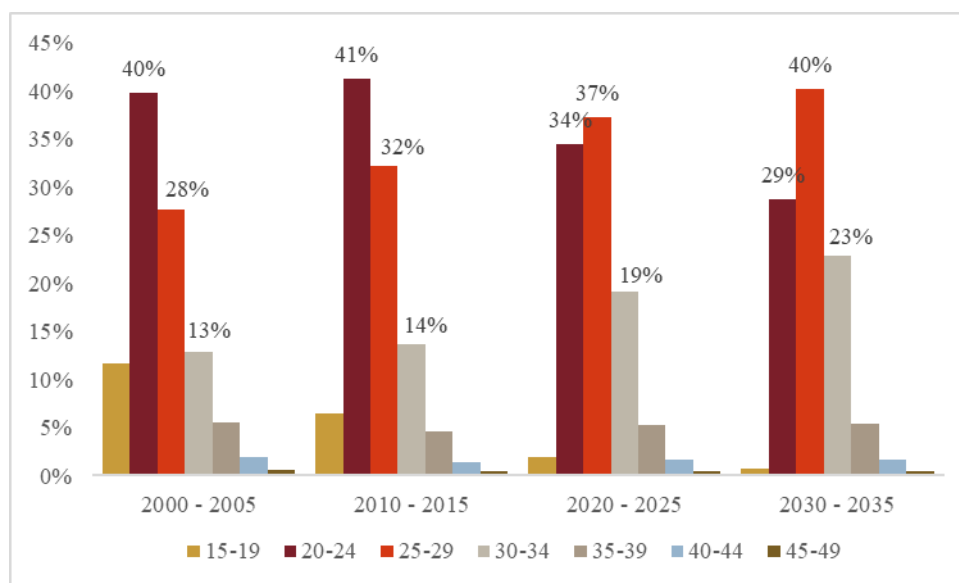
#### Revenue of paediatric/maternity private chain

| Players (₹ in millions)           | FY16  | FY17  | FY18  | FY19  | FY20  | FY21  | FY16-20 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|---------|
| Motherhood                        | 541   | 561   | 734   | 1,838 | 2,849 | 2,901 | 51.5%   |
| Rainbow                           | 2,330 | 3,213 | 4,018 | 5,428 | 7,194 | 6,501 | 32.5%   |
| Cloudnine                         | 1,861 | 2,552 | 3,502 | 4,219 | 5,143 | 5,546 | 28.9%   |
| Neonatal care and research (Ovum) | 165   | 241   | 297   | 373   | 456   |       | 28.9%   |
| Cocoon - lineage (Jaipur)         | 119   | 142   | 147   | 98    | 136   |       | 3.4%    |

Source: Company reports, CRISIL Research

- Rise in pregnancy age. The average age of women delivering a baby is increasing. 25-29 age group women contributed to 32% of the births in 2010-2015 period up from 28% in 2000-2005 period. The age group 25-29 years and 30-34 years is expected to contribute to higher share in live births going forward, contributing to 37% and 19% of the live births respectively in 2020-2025 period and 40% and 23% of the live births respectively in 2025-2030. The increase in pregnancy age is expected to increase the demand for maternity healthcare service and number of complications arising from pregnancies may witness a rise. All this will augur growth for maternity health providers.

#### Age-wise pregnancy share



Source: United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019, custom data acquired via website, CRISIL Research

### **Competition Analysis in Maternity and Antenatal Care in India**

#### ***Comparative Analysis of Players in the Maternity and Pediatric Healthcare Delivery Sector***

In this section, CRISIL Research has compared the key players in the maternity and pediatric healthcare delivery sector. CRISIL Research has obtained data in this section from publicly available sources, including annual reports and investor presentations of listed players, regulatory filings, rating rationales, and/or company websites, as relevant.

For this assessment, CRISIL Research has considered the following key players:

Rainbow Children's Medicare Ltd (Rainbow Hospitals), Neonatal care & Research Institute Pvt Ltd (Ovum Woman & Child Speciality Hospital), Surya Hospitals Pvt Ltd, Rhea Healthcare Private Limited (Motherhood Hospital), Apollo Health & Lifestyle Ltd (Apollo Cradle), Kids Clinic India Ltd (Cloudnine Hospital), and Lineage Healthcare Limited (Cocoon Hospital)

### Key Operational Parameters of Major Players

#### Operational parameters, financial year 2021

| Parameter                    | Rainbow Children's Medicare Ltd                                                                                                                                                                                                                                                                                                                                                         | Surya Hospitals Pvt Ltd                                                                                                    | Kids Clinic India Ltd                                                                                                                       | Rhea Healthcare Pvt Ltd                                                                                    | Apollo Health & Lifestyle Ltd (Apollo Cradle)                                                        | Lineage Healthcare Ltd                                                                                                        | Neonatal care & Research Institute Pvt Ltd                                                         |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| <b>Number of hospitals</b>   | 14 hospitals, 3 clinics                                                                                                                                                                                                                                                                                                                                                                 | 3 hospitals                                                                                                                | 20+ hospitals                                                                                                                               | 11 hospitals, 3 clinics                                                                                    | 14 hospitals, 8 clinics                                                                              | 1 hospital                                                                                                                    | 3 hospital, 1 clinic                                                                               |
| <b>Number of beds</b>        | Total: 1,475<br>NICU: 311<br>PICU: 162                                                                                                                                                                                                                                                                                                                                                  | Total: 322<br>NICU: 141<br>PICU: 41                                                                                        | Total: 900<br>NICU: 76<br>PICU: 8                                                                                                           | Total: 353<br>NICU: 78<br>PICU: 27                                                                         | Total: 471<br>NICU: 81<br>PICU: 11                                                                   | NICU: 14                                                                                                                      | Total: 90<br>NICU: 20                                                                              |
| <b>Geographical presence</b> | Hyderabad, Bengaluru, New Delhi, Vijayawada, Visakhapatnam and Chennai                                                                                                                                                                                                                                                                                                                  | Mumbai, Jaipur, and Pune                                                                                                   | Bengaluru, Chennai, Mumbai, Gurugram, Pune, Chandigarh, Noida, Panchkula, and New Delhi                                                     | Bengaluru, Chennai, Coimbatore, Indore, Mumbai, Noida, Pune, Trichy, and Chandigarh                        | Bengaluru, Delhi-NCR, Hyderabad, Pune, Chennai, and Amritsar                                         | Jaipur                                                                                                                        | Bengaluru                                                                                          |
| <b>Specialty mix</b>         | Pediatric surgery, Neonatology, Pediatric ICU, Paediatric neurology, Paediatric nephrology, Pediatric Hemato oncology and BMT, Gastroenterology, Neurosurgery, Pediatric rheumatology, Kidney and Liver transplant, Pediatric Allergy, Paediatric endocrinology, Pediatric pulmonology, Dermatology, Urology, Psychiatry, Obstetrics, Gynecology, High Risk pregnancy, Fertility etc. – | High Risk Pregnancy, Gynecology, Endoscopy, Laparoscopic Surgeries, Neonatology, Pediatric Intensive Care, Fertility, etc. | Maternity, Gynecology, Pediatric Care, Fertility, Radiology, Physiotherapy, Stem cell bank, Intensive care, Neonatal care, cosmetology etc. | Gynecology, Fertility, Pediatrics, Neonatology, Cosmetology, Radiology, Physiotherapy, Pregnancy care etc. | Maternity, Gynecology, Neonatology, Pediatrics, Foetal medicine, Fertility, high Risk pregnancy etc. | Antenatal care, Neonatology, Stem cell preservation, Laparoscopic gynecology surgeries, Cosmetology & Cosmetic Surgeries etc. | Maternal health, neonatal ICU, Pediatrics, fertility services, physiotherapy, Ultrasonography etc. |
| <b>Accredited DNB, DrNB</b>  | 43                                                                                                                                                                                                                                                                                                                                                                                      | 10                                                                                                                         | –                                                                                                                                           | –                                                                                                          | –                                                                                                    | –                                                                                                                             | –                                                                                                  |

| Parameter      | Rainbow Children's Medicare Ltd | Surya Hospitals Pvt Ltd | Kids Clinic India Ltd | Rhea Healthcare Pvt Ltd | Apollo Health & Lifestyle Ltd (Apollo Cradle) | Lineage Healthcare Ltd | Neonatal care & Research Institute Pvt Ltd |
|----------------|---------------------------------|-------------------------|-----------------------|-------------------------|-----------------------------------------------|------------------------|--------------------------------------------|
| and FNB seats* |                                 |                         |                       |                         |                                               |                        |                                            |

*Note: The data given above is only indicative and not exhaustive*

*\*Accredited DNB seats are of the specialties associated with Pediatrics and Neonatology*

*Source: Company annual reports/investor presentations/website, National Board of examinations, CRISIL Research*

Among the peers considered, Kids Clinic India Ltd has the highest number of centers with more than 20 hospitals. It is followed by Apollo Cradle and Rainbow Hospitals.

In terms of beds, Rainbow hospital ranks 1<sup>st</sup>, followed by Kids Clinic. Rainbow has highest number of NICU and PICU beds by a significant margin compared to the peers considered. The group has significant presence in the Southern region.

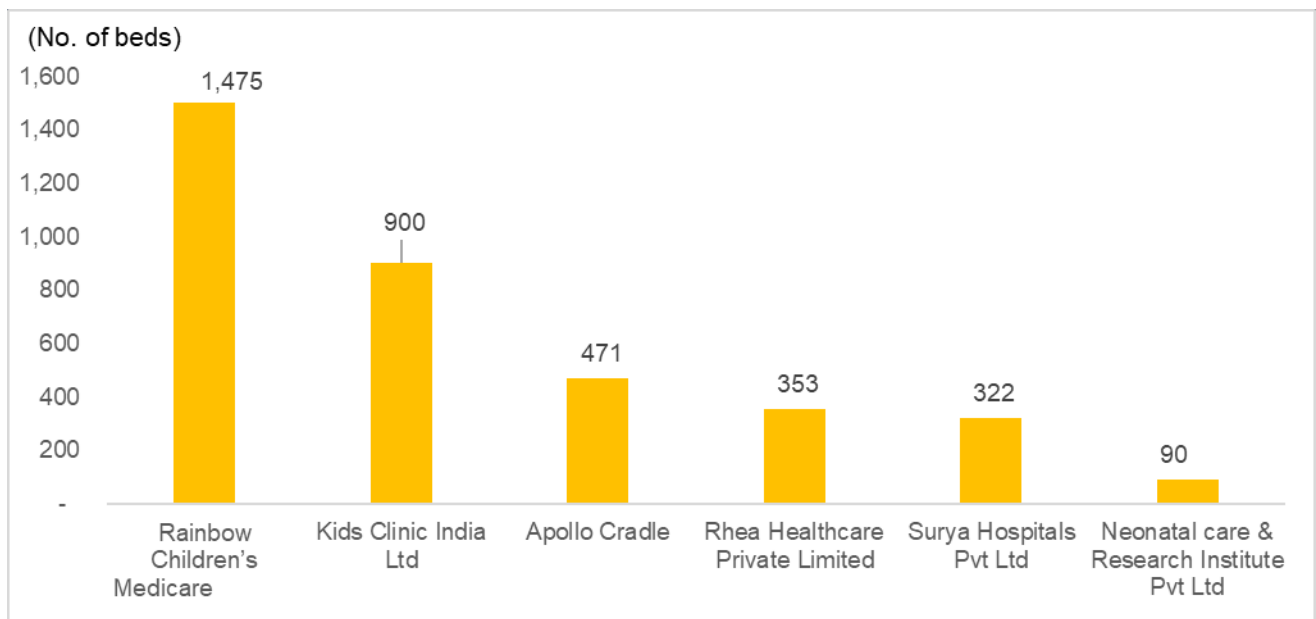
The majority of the peers considered have overlaps in the specialty mix. However, Rainbow's specialty mix focuses more on paediatric care across niche areas such as Neurology, Nephrology, Gastroenterology, Oncology and Cardiology etc. Rainbow Children's Hospital & Birthright, Banjara Hills, Hyderabad facility offers wide range of neurological services to the patients such as child epilepsy, autism spectrum disorders, vascular neurology and intellectual disability.

Given the wide range of specialty offering mix, Rainbow can be classified as a standalone paediatric multi-specialty hospital chain. Approximately 90% of the beds offered by Rainbow are in Southern region with facilities such as Rainbow Children's Hospital & Birthright, Banjara Hills, Hyderabad; Rainbow Children's Hospital & Birthright – Marathahalli, Bengaluru; and Rainbow Children's Hospital & Birthright, Currency Nagar – Vijayawada making it one of the few pediatric focused hospital chain in the region.

The Diplomat of National Board (“**DNB**”) is a post-graduate master's degree same as MD/MS degree awarded to the specialist doctors in India. DNB courses are run and the degrees are awarded by the National Board of Examinations (“**NBE**”). Doctorate of National Board (“**DrNB**”) is a post MD/MS/DNB super-specialty degree awarded by NBE. The NBE also runs postdoctoral fellowship program in select subspecialties. On successful completion of the course, the candidates are awarded Fellow of National Board (“**FNB**”).

Rainbow Hospitals offer 43 total number of seats in the specialties associated with Paediatrics and Neonatology which is highest among the peer set considered. These courses offer a key competitive advantage to the hospitals running the program since sourcing and holding onto quality paediatric doctor talent is challenging. Also the doctors who complete the may refer tertiary / quaternary cases to the hospital they got trained in. Apollo Hospitals Enterprise Limited, which is one of the largest multi-specialty hospital chain offer a total of 47 seats in the specialties associated with Paediatrics and Neonatology.

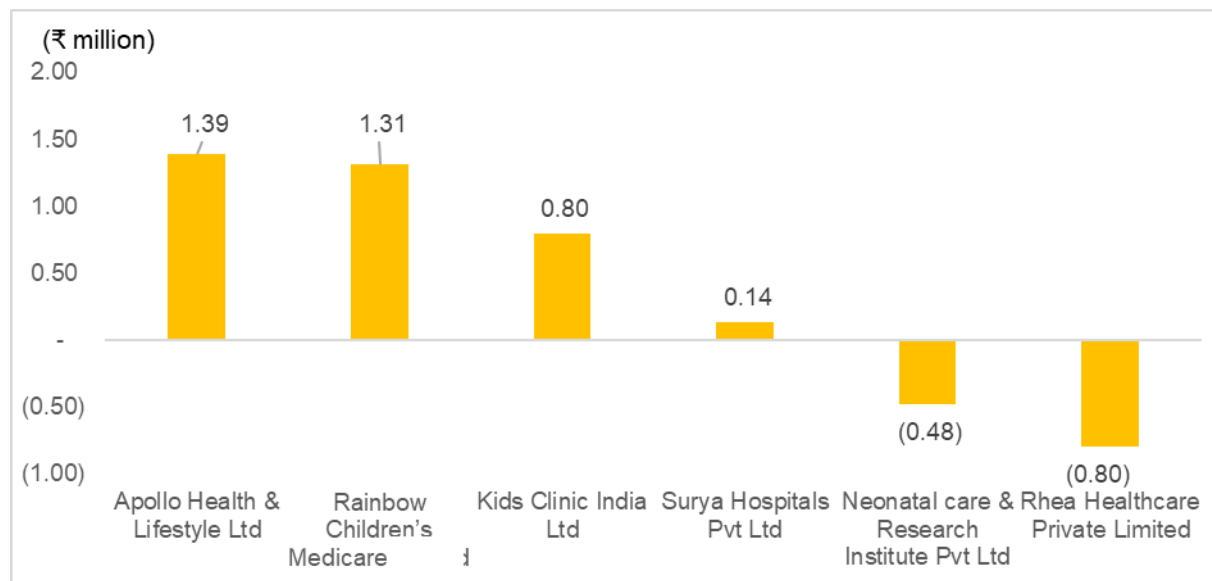
Rainbow hospitals has the highest number of beds as of FY21 among the peers considered



Note: The data given above is only indicative and not exhaustive

Source: Companies' annual reports/investor presentations, CRISIL Research

Rainbow hospitals and Apollo Health & Lifestyle have the highest OPBDIT (financial year 2020) / Bed ratio among the peers considered



Note: The above financials (FY20) in the report for Surya Hospitals and Neonatal care & Research Institute are on standalone basis and the rest are on consolidated basis. Total beds data for Lineage Healthcare Limited was not available.

#The OPBDIT for Apollo Health & Lifestyle is used while the number of beds data is for Apollo Cradle. Apollo Health & Lifestyle has numerous other businesses

Source: Companies' annual reports/investor presentations, CRISIL Research

*India's maternity and pediatric healthcare delivery sector is catching up to children hospitals in United States in terms of specialty offerings and hospital-clinic network*

The healthcare model existing in the United States for children is a benchmark for medical care across the world. The country has more than 250 children hospital accounting for nearly 95% of the tertiary care with respect to children. Further, these hospitals also incorporate women care into their specialties given the instances such as high-risk pregnancies which make the need for integrated mother and child care imperative. Such dedicated children's hospital are limited in India. However, major players like Rainbow hospitals whose model corresponds to dedicated children care similar to children's hospitals in United States, are making headway in this space.



### Major children's hospital in United States

| Parameter (CY 2020)                      | Children's Hospital of Philadelphia, United States                                                                                                                                                                                                                                                     | Texas Children's Hospital                                                                                                                                                                              | Boston Children's Hospital                                                                                                                                                    |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net patient service revenue (\$ billion) | 2.54                                                                                                                                                                                                                                                                                                   | 2.15                                                                                                                                                                                                   | 2.05                                                                                                                                                                          |
| Total beds                               | 567                                                                                                                                                                                                                                                                                                    | 650                                                                                                                                                                                                    | 395                                                                                                                                                                           |
| Geographic presence                      | 50+ locations including main campus, and a network of primary care centres, specialty care centres, urgent care centres and community hospital alliances.                                                                                                                                              | 10+ locations comprising of hospitals and specialty care centres                                                                                                                                       | Over 750 affiliated Boston Children's physicians, and 7 community hospitals                                                                                                   |
| Residents and Fellows                    | Total Residents: 155<br>Total Fellows: 298                                                                                                                                                                                                                                                             | Total Residents: 371<br>Total Fellows: 350                                                                                                                                                             | 500 BCH-based residents and clinical fellows annually                                                                                                                         |
| Specialty mix                            | Pediatric specialties include: Cancer, Cardiac Care, Foetal Medicine, Orthopaedics, Neonatology, Diabetes, Gastroenterology, Urology etc<br>Programs for special disorders: Hyperinsulinism, Thoracic Insufficiency Syndrome, Cornelia De Lange Syndrome, Eosinophilic Esophagitis And Biliary Atresia | More than 40 pediatric specialties: Oncology, Hematology, Urology, Otolaryngology, Foetal Care, Gastroenterology, Hepatology And Nutrition, Cardiology, Neuroscience, Orthopedics, Plastic Surgery etc | Pediatric specialties include: cardiology, gastroenterology, neurology, respiratory diseases, diabetes, orthopedic surgery, urology, behavioural health and other specialties |

Source: Children's Hospital of Philadelphia, CRISIL Research

### Key financial parameters of major players

#### Key financial parameters of major players

| Key financials (FY20)                      | Operating income |                   | OPBDIT     |                   | PAT        |                   |
|--------------------------------------------|------------------|-------------------|------------|-------------------|------------|-------------------|
|                                            | ₹ millions       | CAGR FY18 to FY20 | ₹ millions | CAGR FY18 to FY20 | ₹ millions | CAGR FY18 to FY20 |
| Rainbow Children's Medicare Ltd            | 7,194            | 34%               | 1,970      | 71%               | 553        | 24%               |
| Apollo Health & Lifestyle Ltd*             | 6,964            | 23%               | 656        | n.m.              | (770)      | n.m.              |
| Kids Clinic India Ltd                      | 5,163            | 21%               | 719        | n.m.              | (331)      | n.m.              |
| Rhea Healthcare Private Limited            | 2,849            | 97%               | (282)      | n.m.              | (539)      | n.m.              |
| Neonatal care & Research Institute Pvt Ltd | 456              | 24%               | (44)       | n.m.              | (74)       | n.m.              |
| Surya Hospitals Pvt Ltd                    | 200              | 27%               | 44         | 33%               | 25         | 84%               |
| Lineage Healthcare Limited                 | 136              | -4%               | (11)       | n.m.              | (96)       | n.m.              |

| Key financials (FY21)**         | Operating income |                   | OPBDIT     |                   | PAT        |                   |
|---------------------------------|------------------|-------------------|------------|-------------------|------------|-------------------|
|                                 | ₹ millions       | CAGR FY18 to FY21 | ₹ millions | CAGR FY18 to FY21 | ₹ millions | CAGR FY18 to FY21 |
| Rainbow Children's Medicare Ltd | 6,501            | 17%               | 1,629      | 34%               | 396        | 3%                |
| Surya Hospitals Pvt Ltd         | 223              | 22%               | 54         | 30%               | 31         | 61%               |

Note: \*\*Data for FY21 for the rest of the players is not available in public domain

The above financials in the report for Surya Hospitals and Neonatal care & Research Institute are on standalone basis and the rest are on consolidated basis;

\*Apollo Health & Lifestyle Ltd has numerous businesses and one of them is Apollo cradle and children's hospital. Financials are for Apollo Health & Lifestyle Ltd

n.m.: Not meaningful; OPBDIT: Operating profit before depreciation, interest and tax; PAT: Profit after tax

Source: Company annual reports, CRISIL Research

Among the key players considered in the maternity and pediatric healthcare delivery sector, as of the financial year 2020, Rainbow hospitals had the highest operating income at ₹7,194 million, followed by Apollo Health and Lifestyle Ltd at ₹6,964 million. In terms of the CAGR for operating income from the financial years 2018 to 2020, Rhea Healthcare Private Limited ranks 1<sup>st</sup> (97%), followed by Rainbow (34%) and Surya (27%).

In terms of the PAT, majority of the players considered are non-profitable. Rainbow hospitals ranks 1<sup>st</sup> with a large margin in OPBDIT and PAT against the peers considered. On account of losses, the CAGR for majority of the players considered is not meaningful. Rainbow Hospitals have logged a strong CAGR of 71% from FY18-20, in OPBDIT. It is followed by Surya Hospitals at 33% CAGR.

### Key financial ratios of major players

| Key financial ratios (FY20)                | OPBDIT margin (%) | Net profit margin (%) | RoCE (%) | Gearing (times) | Interest coverage (times) | Current ratio | Net cash accruals to debt | Working capital days | OPBDIT/CFO |
|--------------------------------------------|-------------------|-----------------------|----------|-----------------|---------------------------|---------------|---------------------------|----------------------|------------|
| Rainbow Children's Medicare Ltd            | 27.4              | 7.7                   | 29.8     | 0.2             | 4.6                       | 1.6           | 1.6                       | (119.4)              | 1.7        |
| Apollo Health & Lifestyle Ltd*             | 9.4               | (11.1)                | (10.9)   | n.m.            | 1.2                       | 0.8           | 0.0                       | (394.2)              | 1.6        |
| Kids Clinic India Ltd                      | 13.9              | (6.4)                 | 3.1      | 0.2             | 1.7                       | 0.4           | 0.8                       | (222.5)              | 1.2        |
| Rhea Healthcare Private Limited            | (9.9)             | (18.9)                | (28.8)   | n.m.            | (0.6)                     | 0.3           | (0.2)                     | (213.6)              | 0.8        |
| Neonatal care & Research Institute Pvt Ltd | (9.6)             | (16.3)                | (34.1)   | 0.2             | (23.3)                    | 1.1           | (1.3)                     | (240.5)              | 1.1        |
| Surya Hospitals Pvt Ltd                    | 21.9              | 12.4                  | 24.8     | 1.2             | 10.8                      | 0.6           | 0.3                       | (243.2)              | 0.8        |
| Lineage Healthcare Limited                 | (8.0)             | (70.7)                | n.m.     | n.m.            | (0.1)                     | 0.1           | (0.2)                     | (2,374.3)            | 0.1        |

| Key financial ratios (FY21)**   | OPBDIT margin (%) | Net profit margin (%) | RoCE (%) | Gearing (times) | Interest coverage (times) | Current ratio | Net cash accruals to debt | Working capital days | OPBDIT/CFO |
|---------------------------------|-------------------|-----------------------|----------|-----------------|---------------------------|---------------|---------------------------|----------------------|------------|
| Rainbow Children's Medicare Ltd | 25.1              | 6.1                   | 21.0     | 0.1             | 3.9                       | 1.6           | 2.0                       | (119)                | 1.7        |
| Surya Hospitals Pvt Ltd         | 24.3              | 13.8                  | 22.3     | 0.7             | 21.2                      | 0.8           | 0.5                       | (243)                | 0.8        |

Note: \*\*Data for FY21 for the rest of the players is not available in public domain

The above financials in the report for Surya Hospitals and Neonatal care & Research Institute are on standalone basis and the rest are on consolidated basis

\*Apollo Health & Lifestyle Ltd has numerous businesses and one of them is Apollo cradle and children's hospital. Financials are for Apollo Health & Lifestyle Ltd

n.m.: Not meaningful; RoCE: Return on capital employed; NA: Not available due to insufficient data;

Ratios calculated as per CRISIL Research standards are described below:

- OPBDIT margin = OPBDIT / operating income
- Net profit margin = Profit after tax / operating income
- RoCE = Profit before interest and tax (PBIT) / [total debt + adjusted net worth (includes only goodwill as part of intangible net worth) + deferred tax liability]
- Gearing ratio = Adjusted Debt / Adjusted Net Worth
- Interest coverage ratio = Profit before depreciation, interest and tax / (interest + finance charges)
- Current ratio = Current assets / Current liabilities
- Net cash accruals to debt = Net Cash Accruals / Adjusted Debt
- Working capital days = Receivable days + inventory days - payable days
- CRISIL Research takes into account tangible net worth for calculation of gearing ratio.

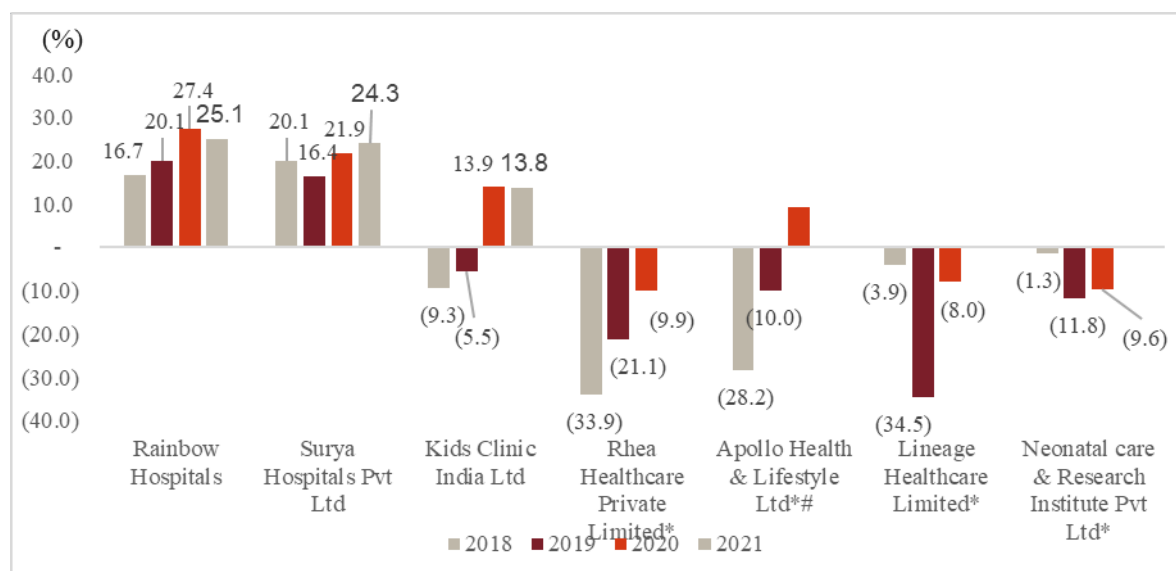
Source: Companies' annual reports, CRISIL Research

In terms of OPBDIT margin in the financial year 2020, Rainbow hospitals ranks 1<sup>st</sup> among the peers considered, followed by Surya hospital and Kids Clinic. Further, PAT margin is 7.7% and 12.4% for Rainbow and Surya, while for majority of the peers considered, PAT margin is negative.

As of the financial year 2020, Rainbow hospitals has the highest RoCE (29.8%) among the peers considered, followed by Surya at 24.8%. The rest of the peers compared have either negative or a low RoCE. In terms of the gearing ratio, Rainbow hospitals, Neonatal and Kids clinic are at par with each other ratio of 0.2. The gearing ratio saw an improvement for Rainbow in the financial year 2021 (0.1). With regards to the interest coverage ratio in FY20, Surya hospital comes in first with 10.8, followed by 4.6 of Rainbow Hospitals.

Rainbow Hospitals leads the set of players considered and ranks 1<sup>st</sup> in terms of current ratio, net cash accrual to debt ratio and OPBDIT/CFO ratio in the financial year 2020. In terms of the working capital cycle, the peers considered are at par given the nature of the industry. Negative working capital cycle indicating that the players' receivables come in much faster than the payables cycle.

Rainbow Hospitals has the highest OPBDIT margin as of FY21 and FY20 among the peers considered



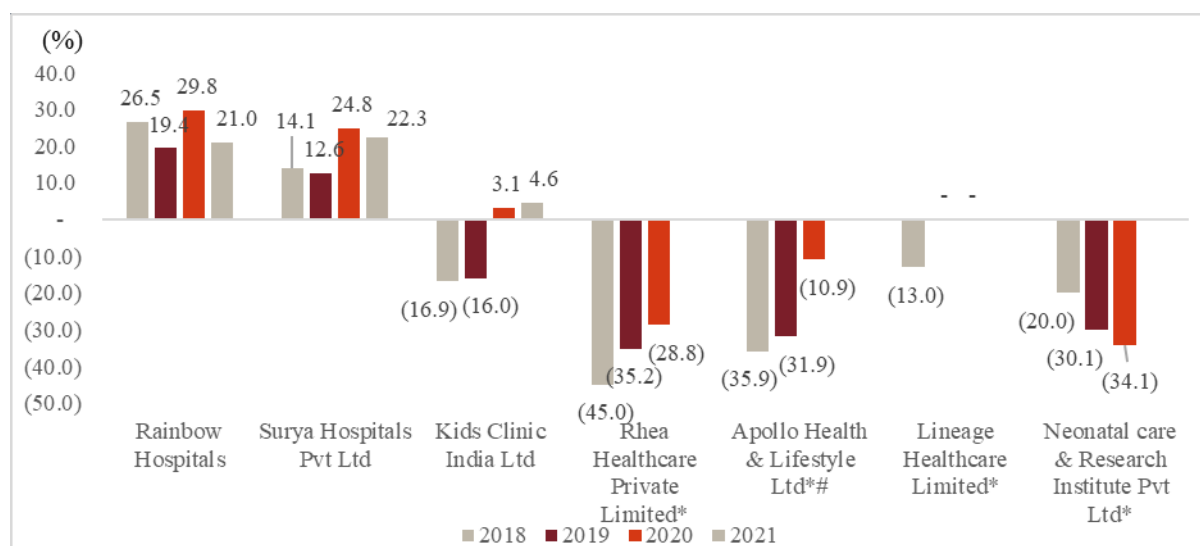
Note: The above financials in the report for Surya Hospitals and Neonatal care & Research Institute are on standalone basis and the rest are on consolidated basis

\*The above financials in the report are available until FY20

#Apollo Health & Lifestyle Ltd has numerous businesses and one of them is Apollo cradle and children's hospital. Financials are for Apollo Health & Lifestyle Ltd

Source: Companies' annual reports/investor presentations, CRISIL Research

Rainbow hospitals rank 1<sup>st</sup> in terms of RoCE in the financial year 2020, among the peers considered



Note: The above financials in the report for Surya Hospitals and Neonatal care & Research Institute are on standalone basis and the rest are on consolidated basis

\*The above financials in the report are available till FY20

#Apollo Health & Lifestyle Ltd has numerous businesses and one of them is Apollo cradle and children's hospital. Financials are for Apollo Health & Lifestyle Ltd

Note: For Lineage Healthcare, the RoCE is not meaningful for FY19-20

Source: Companies' annual reports/investor presentations, CRISIL Research

### Comparative Analysis of Key Single-Speciality and Multi-Speciality Hospital Chains

In this section, CRISIL Research has compared the key single-specialty and multi-specialty hospital chains operating in India. CRISIL Research has obtained data in this section from publicly available sources, including annual reports and investor presentations of listed players, regulatory filings, rating rationales, and company websites, as relevant.

For this assessment, CRISIL Research has considered the following key players: Rainbow Children's Medicare Ltd (Rainbow Hospitals), Apollo Hospitals Enterprise Ltd, Fortis Healthcare Ltd, Max Healthcare Institute Ltd, Narayana Hrudayalaya Ltd, Krishna Institute Of Medical Sciences Ltd, Shalby Ltd, and Healthcare Global Enterprises Ltd.

#### Key operational parameters of major players

##### Key operational parameters

| Key operational parameters (FY21)         | No of Hospitals | No of beds | ARPOB (₹ '000 per day) | ALOS |
|-------------------------------------------|-----------------|------------|------------------------|------|
| Rainbow Children's Medicare Ltd^          | 14              | 1,475      | 40.9                   | 2.6  |
| Apollo Hospitals Enterprise Ltd           | 71              | 10,209     | 40.2                   | 4.2  |
| Fortis Healthcare Ltd                     | 26              | 5,310      | 43.3                   | 3.6  |
| Max Healthcare Group                      | 16              | 3,400      | 50.1                   | 5.2  |
| Narayana Hrudayalaya Ltd                  | 21              | 6,725      | 28.5                   | 4.6  |
| Krishna Institute Of Medical Sciences Ltd | 9               | 3,064      | 20.6                   | 5.5  |
| Shalby Ltd                                | 11              | 2,012      | 27.4                   | 3.2  |
| Healthcare Global Enterprises Ltd*        | 22              | 2,036      | 32.6                   | 2.3  |

^Operational data for Rainbow Children's Medicare is based on the data provided by the company

\* The data in the table is of Q1FY22

Source: Company reports, CRISIL Research

#### Key financial parameters of major players

##### Key financial parameters

| Key financials (FY21)                      | Operating income |                   | OPBDIT     |                   | PAT        |                   |
|--------------------------------------------|------------------|-------------------|------------|-------------------|------------|-------------------|
|                                            | ₹ millions       | CAGR FY19 to FY21 | ₹ millions | CAGR FY19 to FY21 | ₹ millions | CAGR FY19 to FY21 |
| Rainbow Children's Medicare Ltd^           | 6,501            | 9.4%              | 1,629      | 22.3%             | 396        | -17.4%            |
| Apollo Hospitals Enterprise Ltd            | 1,05,607         | 4.8%              | 11,381     | 2.9%              | 1,368      | -17.3%            |
| Fortis Healthcare Ltd                      | 39,796           | -5.1%             | 3,471      | 26.5%             | (562)      | -50.3%            |
| Max Healthcare Group                       | 38,610           | -0.8%             | 6,360      | 35.2%             | (950)      | 25.8%             |
| Narayana Hrudayalaya Ltd                   | 25,910           | -4.8%             | 1,908      | -19.5%            | (207)      | n.m.              |
| Krishna Institute Of Medical Sciences Ltd* | 11,262           | 10.6%             | 2,543      | 22.8%             | 1,151      | n.m.              |
| Shalby Ltd                                 | 4,309            | -3.4%             | 864        | 2.0%              | 406        | 13.2%             |
| Healthcare Global Enterprises Ltd*         | 6,886            | 3.5%              | 1,244      | 11.4%             | (545)      | n.m.              |

^Financials for Rainbow Children's Medicare are based on financials provided by the company

\* The financials in the table are of the financial year 2020

n.m.: Not meaningful

Source: Company reports, CRISIL Research

## OUR BUSINESS

*Some of the information in the following section, especially information with respect to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read the section “Forward-looking Statements” on page 33 for a discussion of the risks and uncertainties related to those statements and the section “Risk Factors” on page 35 for a discussion of certain risks that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in, or implied by, these forward-looking statements.*

*We have included various operational and financial performance indicators in this Draft Red Herring Prospectus, many of which may not be derived from our Restated Consolidated Financial Information or otherwise be subject to an examination, audit or review by our auditors or any other expert. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of the Restated Consolidated Financial Information and other information relating to our business and operations included in this Draft Red Herring Prospectus.*

*Unless otherwise indicated, the industry-related information contained in this Draft Red Herring Prospectus is derived from the CRISIL Report dated November 2021 which has been commissioned and paid for by our Company for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. We officially engaged CRISIL Research in connection with the preparation of the CRISIL Report on September 28, 2021. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant financial year. The data included in this section includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Offer), that have been left out or changed in any manner.*

*Our financial year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular financial year are to the 12 months ended March 31 of that year.*

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in “Risk Factors”, “Industry Overview”, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 35, 133, 259 and 343, respectively.*

### Overview

We are a leading multi-specialty pediatric and obstetrics and gynecology hospital chain in India, operating 14 hospitals and three clinics in six cities, with a total bed capacity of 1,500 beds, as of September 30, 2021. According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), we had the highest number of hospital beds amongst comparable players in the maternity and pediatric healthcare delivery sector, as of March 31, 2021. Our core specialties are pediatrics, which includes newborn and pediatric intensive care, pediatric multi-specialty services, pediatric quaternary care (including multi organ transplants); and obstetrics and gynecology, which includes normal and complex obstetric care, multi-disciplinary fetal care, perinatal genetic and fertility care. We established our first pediatric specialty hospital in 1999 in Hyderabad. Since then, under the leadership of Dr. Ramesh Kancharla, our founding Promoter, we have established our reputation as a leader in multi-specialty pediatric services, with strong clinical expertise in managing complex diseases. We have also expanded our operations to include obstetrics and gynecology services, whereby we offer comprehensive perinatal services to patients. As of the date of this Draft Red Herring Prospectus, five of our hospitals are accredited by NABH and three of our hospitals are certified by EDGE.

We believe that our ability to recruit and retain high caliber medical professionals has been integral to the success of our business. We follow a doctor engagement model whereby most of our core specialists work exclusively at our hospitals on a full-time retainer basis. This model ensures that most of our core specialists are available 24/7 on a roster basis at our hospitals, which is particularly important for children’s emergency, neonatal and pediatric intensive care services. As of September 30, 2021, we had 602 full-time doctors and 1,686 part time/visiting doctors. We believe that our full-time doctor model along with a strong middle grade doctor pool ensures seamless healthcare delivery across our hospitals, which has resulted in a high degree of

patient satisfaction. A number of our doctors in neonatal, pediatric intensive care, pediatric sub specialties, obstetrics and gynecology are trained or possess qualifications from the United Kingdom, United States, Canada and Australia, which provides us with a competitive advantage. We enter into retainerhip contracts with our newly hired doctors covering the initial two to three year periods, which provides them with stability and makes us a desirable workplace. We have successfully adopted this doctor engagement model across our hospitals, which has led to a high degree of full-time doctor retention (at 81% for the period from April 1, 2019 to March 31, 2021).

In recent years, we have expanded our hospital network and increased our bed capacity from 1,162 beds as of March 31, 2019 to 1,500 beds as of September 30, 2021. Over the same period, we increased the number of hospitals from 10 to 14. We have approached our network expansion with financial prudence and have been disciplined when making financial decisions for capital investments. All our capital investments are carefully deliberated and approved by our experienced Board. Our ability to keep our capital expenditure at economical levels has been an important factor in driving our growth in a profitable manner in prior periods. Going forward, we may seek to expand our hospital network through the acquisition of brownfield assets or development of greenfield assets (depending upon the location of the hospital and the timelines to complete the project).

We follow a hub-and-spoke model in Hyderabad, with our Banjara Hills hospital (comprising 250 beds) being the hub and four spokes at four locations in Hyderabad, namely Secunderabad, LB Nagar, Kondapur and Hydernagar. At our hub hospital, we provide comprehensive outpatient and inpatient care with a focus on tertiary and quaternary care and, at our spokes, we provide secondary care in pediatric, obstetrics and gynecology and emergency services. This model has strengthened our market position in and around Hyderabad, providing us with synergies through referrals for tertiary and quaternary care to our hub arising from the spoke hospitals.

We also plan to increase the scale of our reach to patients through a robust digital ecosystem. In the period from April 1, 2020 to March 31, 2021, driven in part by the movement restrictions arising out of the COVID-19 pandemic, we conducted over 125,000 outpatient video consultations through our video consultation platform. Out of these video consultations, a significant number were from locations where we do not have a physical presence (within India and abroad). Further, some of the patients who consulted through these video consultations subsequently required further treatment on an inpatient basis as well at our hospitals. We believe that there is potential to establish a hybrid model of healthcare delivery, which allows us to provide outpatient consultations through virtual means and subsequent inpatient admissions, if needed, at our network hospitals. We are in the process of building a digital healthcare delivery solution that enables healthcare delivery irrespective of geography.

Our revenue from operations for the six months ended September 30, 2021 and the financial years 2021, 2020 and 2019 amounted to ₹5,125.55 million, ₹6,500.47 million, ₹7,193.91 million and ₹5,427.92 million, respectively. For the same periods, our profit for the period/year amounted to ₹812.18 million, ₹395.68 million, ₹553.40 million and ₹445.90 million, respectively, and our Adjusted EBITDA amounted to ₹1,674.74 million, ₹1,628.34 million, ₹1,970.27 million and ₹1,485.14 million, respectively.

The table below sets forth our KPIs for the periods indicated:

| KPIs <sup>(1)</sup>                        | Six Months<br>Ended |            |                                |           |
|--------------------------------------------|---------------------|------------|--------------------------------|-----------|
|                                            | September 30,       |            | Financial Year Ended March 31, |           |
|                                            | 2021                | 2021       | 2020                           | 2019      |
| Bed capacity <sup>(2)</sup> .....          | 1,500               | 1,475      | 1,296                          | 1,162     |
| Operational beds.....                      | 1,150               | 1,132      | 1,001                          | 931       |
| Occupancy rate (%) <sup>(3)</sup> .....    | 43.42%              | 34.23%     | 56.27%                         | 54.13%    |
| Inpatient volume .....                     | 31,484              | 51,165     | 66,871                         | 53,422    |
| Outpatient volume .....                    | 385,649             | 624,111    | 941,049                        | 787,345   |
| Number of full-time doctors .....          | 602                 | 593        | 596                            | 498       |
| Number of nurses .....                     | 1,370               | 1,169      | 1,485                          | 1,401     |
| ARPOB (₹) <sup>(4)</sup> .....             | 9,154,659           | 14,925,896 | 10,715,405                     | 9,744,124 |
| ARPOB/Day (₹ per day) <sup>(4)</sup> ..... | 50,025              | 40,893     | 29,277                         | 26,696    |
| ALOS (days) <sup>(5)</sup> .....           | 2.89                | 2.57       | 3.05                           | 3.20      |
| Basic EPS (₹) .....                        | 8.78 <sup>(6)</sup> | 4.36       | 5.98                           | 4.83      |
| RoE <sup>(7)</sup> .....                   | 15.56%              | 8.82%      | 13.52%                         | 11.98%    |
| RoCE <sup>(8)</sup> .....                  | 14.89%              | 10.48%     | 16.32%                         | 11.68%    |

**Notes:**

- (1) Excludes the Madhukar Rainbow Children's Hospital & Birthright by Rainbow Hospital in New Delhi, a hospital operated by the Madhukar Trust for which we provide medical services to inpatients, see “Our Hospitals – Hospitals in New Delhi, Delhi – Madhukar Rainbow Children's Hospital & Birthright by Rainbow Hospital, Delhi” on page 187.
- (2) Bed capacity includes census and non-census beds.
- (3) Occupancy rate means number of beds occupied divided by number of operational census beds (i.e. excluding day care, pre-operative beds, post-operative beds and emergency beds) as of the last day of the relevant period/year.
- (4) “ARPOB” means average revenue per occupied bed, which is operational revenue divided by the total length of stay days. Amounts for the six months ended September 30, 2021 are not annualized and include revenues generated from COVID-19 vaccinations.
- (5) “ALOS” means average of length of stay, which is the total length of stay days for a period/year divided by inpatient volume for such period/year. Length of stay day is based on daily midnight bed count.
- (6) Amount for the six months ended September 30, 2021 is not annualized.
- (7) “RoE” means Return on Equity, which is calculated as below:

| Particulars                                       | Six Months Ended<br>September 30, | Financial Year Ended March 31,      |          |          |
|---------------------------------------------------|-----------------------------------|-------------------------------------|----------|----------|
|                                                   | 2021                              | 2021                                | 2020     | 2019     |
|                                                   |                                   | (₹ in millions, except percentages) |          |          |
| Profit for the period/year (A) <sup>#</sup> ..... | 812.18                            | 395.68                              | 553.40   | 445.90   |
| Equity (B) .....                                  | 5,218.71                          | 4,483.76                            | 4,093.14 | 3,721.51 |
| RoE (A/B) .....                                   | 15.56%                            | 8.82%                               | 13.52%   | 11.98%   |

<sup>#</sup>Profit for the period/year for the six months ended September 30, 2021 is not annualized.

- (8) “RoCE” means Return on Capital Employed, which is calculated as below:

| Particulars                                                  | Six Months Ended<br>September 30, | Financial Year Ended March 31,      |           |          |
|--------------------------------------------------------------|-----------------------------------|-------------------------------------|-----------|----------|
|                                                              | 2021                              | 2021                                | 2020      | 2019     |
|                                                              |                                   | (₹ in millions, except percentages) |           |          |
| Profit before tax <sup>#</sup> (A) .....                     | 1,093.24                          | 556.96                              | 933.56    | 575.26   |
| Finance costs <sup>#</sup> (B) .....                         | 253.36                            | 440.63                              | 446.06    | 390.24   |
| Other income <sup>#</sup> (C) .....                          | 70.37                             | 102.63                              | 103.46    | 83.52    |
| Total assets (D) .....                                       | 11,797.72                         | 10,812.67                           | 10,192.37 | 9,263.96 |
| Current liabilities (E) .....                                | 1,423.72                          | 1,220.78                            | 1,299.56  | 917.38   |
| Current investments (F) .....                                | 452.23                            | 102.62                              | 99.00     | 31.86    |
| Cash and cash equivalents (G) .....                          | 282.18                            | 56.58                               | 66.97     | 51.34    |
| Bank balances other than cash and cash equivalents (H) ..... | 1,068.37                          | 890.16                              | 905.43    | 713.98   |
| RoCE (A+B+C)/(D-E-F-G-H) .....                               | 14.89%                            | 10.48%                              | 16.32%    | 11.68%   |

<sup>#</sup>Amounts for the six months ended September 30, 2021 are not annualized.

Our RoCE as presented in the table above is calculated on a different methodology as compared with the similarly titled measure presented in the “Industry Overview” section beginning on page 133, which is derived from the CRISIL Report.

## Our Competitive Strengths

Our founding Promoter, Dr. Ramesh Kancharla, founded our Company in 1999 with a 50-bed pediatric hospital in Hyderabad, to address the opportunity to provide pediatric healthcare in the city of Hyderabad. Our aim was to provide comprehensive neonatal, pediatric intensive care and pediatric sub-specialty services to children. Our Company was founded on a model of full-time, exclusive doctor led, 24/7 pediatric healthcare delivery, and a significant number of our doctors have experience with this same model while training in other countries such as the United Kingdom, United States, Canada and Australia. Over time, we built credibility in saving and treating neonates and children and became a dependable referral center for practicing pediatricians. We have also established robust patient retrieval services in and around Hyderabad to retrieve neonates and children from nearby districts to our hub hospital in Hyderabad. While building our expertise in pediatrics, we noticed the gap in perinatal healthcare and realized that the best place for the risky pregnancies is a children's hospital as it reduces the time gap, which is precious, for neonates requiring neonatal intensive care or surgical intervention. We believe that our successful delivery of comprehensive pediatric, obstetrics and gynecology services has established us as a trusted and reliable name in perinatal care. Over the last ten years, we have built this model across hospitals in six cities which are at varying degrees of progress, and we also aim to replicate the success of our hub-and-spoke model at Hyderabad in these cities.

Our key strengths are outlined below:

### *Our ability to conceptualize, create and operate specialized children's hospitals*

According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), the pediatric healthcare model followed in the United States is the benchmark for medical care across the

world. The United States has more than 250 children hospitals accounting for nearly 95% of the tertiary care with respect to children. These hospitals also incorporate women care into their specialties due to instances such as high-risk pregnancies, which make the need for integrated mother and childcare imperative. CRISIL Research observes that such dedicated children's hospitals are limited in number in India. However, CRISIL Research notes that major players such as us, whose model corresponds to dedicated children care similar to children's hospitals in the United States, are making headway in this space.

We believe that our specialization in pediatric care and the ability to conceptualize, create and operate children's hospitals are critical to our success. Our founding Promoter and senior consultants, who were trained in children's hospitals in the United Kingdom, United States, Canada and Australia believe that a children's hospital requires a children centric approach towards making the atmosphere congenial and enabling faster healing of children suffering from acute or prolonged illness. This is one of the key factors that we focus on as we conceptualize and build all our hospitals. We allocate a significant proportion of our capital expenditure towards the interiors of our hospitals in order to make the environment congenial for children.

One of the biggest differentiators of our hospital from adult hospitals is the children centric atmosphere. Our children's hospitals are made vibrant and visually appealing, with bright and congenial interior decoration. Each of our hospitals also have a designated child play area and other entertainment in the patient rooms which comforts the children recovering from treatment.

Further, a children's hospital requires focus on psychological and emotional care, which is different from adult hospitals, and we keep this understanding at the forefront while treating children. We believe that doctors, nurses and other hospital staff need to be soft and gentle while dealing with children and that is manifested in all the aspects of our healthcare delivery.

We have realized that keeping the children centric atmosphere in our hospitals has been one of the biggest differentiators and a key factor of our success. In our experience, children getting treated at our hospitals become comfortable with the setting, as opposed to being apprehensive.

#### ***Leading pediatric multi-specialty healthcare chain with strong clinical expertise in managing complex diseases***

We are one of India's largest multi-specialty pediatric care providers (based on hospital beds, as of March 31, 2021), with a presence across various specialties such as neurology, nephrology, gastroenterology, oncology and cardiology. We have built a comprehensive pediatric critical care program and have consistently allocated approximately one-third of our operational beds at all our hospitals to critical care. In addition, we have established advanced neonatal and pediatric intensive care services across our hospitals. We provide complex multi-specialty tertiary intensive care at our hub hospitals, which provides us with a significant competitive advantage. According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), we are one of very few standalone pediatric multi-specialty hospital chains in south India.

Set forth below are certain key initiatives and achievements which demonstrate our clinical expertise in the field of pediatrics:

- In our hub hospital in Hyderabad, we have built an advanced multi-disciplinary pediatric intensive care unit where we offer neurocritical care services, continuous renal replacement therapy (“**CRRT**”), dialysis, plasmapheresis services, burn treatments, post-transplant patient care, and both neonatal and children extracorporeal membrane oxygenation (“**ECMO**”) therapy. Additionally, as part of our intensive care program, we also have built an extensive transportation network in and around Hyderabad that helped us bring newborn and children requiring specialized intensive care to our hub hospital using advanced life support ambulances, covering nearby districts. In the financial year 2021, we transported 796 long distance patients to our hospitals in Hyderabad.
- At the Rainbow Children's Heart Institute, located in Hyderabad, we have dedicated 110 beds for our cardiac program. Below are some key highlights of Rainbow Heart Institute's performance since it commenced operations in June 2019 until September 30, 2021:
  - We have treated 17,995 outpatients, and performed 769 cardiac surgeries and 725 cardiac catheterization procedures.



- Our team provides specialized fetal echocardiography services and fetal cardiac procedures. We have done 4,158 fetal echocardiography scans.
- Nine of our hospitals are recognized by the National Board of Examination (“**DNB**”), the Indian Association of Pediatrics (“**IAP**”) and the National Neonatology Forum (“**NNF**”) for training doctors in pediatric, neonatology, pediatric sub-specialties, obstetrics and gynecology. Our doctors regularly publish their research papers in peer reviewed national and international journals and have published 115 research paper since 2019.
- Over the last 22 years we have received a number of awards and recognitions. For example, in 2016, we were recognized by the Guinness Book of World Records for the largest gathering of pre-term babies under one roof at our Rainbow Children’s Hospital & Birthright by Rainbow Hospitals, Banjara Hills. Further, in 2018, we were recognized by the LIMCA Book of Records for saving the smallest baby in Southeast Asia. For details of our other awards and recognitions, please see “*History and Certain Corporate Matters – Awards and Recognitions*”.

We believe that our leadership position in pediatrics, especially in relation to complex diseases, provides us with a significant competitive advantage. According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), CRISIL Research expects the pediatric healthcare market in India to grow from ₹1,010 billion as of March 31, 2021 to ₹2,100 billion by the end of the financial year 2026, at a CAGR of 13% (for further details, please see “*Industry Overview*” on page 133). We believe we are well placed to benefit from this expected growth in the industry. As per CRISIL Research, among the key players in the maternity and pediatric healthcare delivery sector, we had the highest number of hospital beds, as of March 31, 2021. Further, amongst these players, we also had the highest operating income for financial year 2020 (the latest period for which CRISIL Research was able to obtain data for all comparable players). For further details, please see “*Industry Overview – Competition Analysis in Maternity and Antenatal Care in India*” on page 166.

***Comprehensive perinatal care provider, with synergies between pediatric and obstetrics and gynecology services***

In the initial years of our corporate history, we were focused on establishing our capabilities and reputation as a leading provider of pediatric care. As our pediatric operations grew, we realized that many pregnancies require deliveries in a comprehensive perinatal ecosystem, to address incidents of high-risk pregnancies, babies requiring immediate surgical interventions and other neonatal interventions right after birth. As a result, we leveraged our Rainbow brand, which was already well recognized in pediatrics, to expand into obstetrics and gynecology in 2007 and offer comprehensive perinatal services. Our ability to offer integrated pediatric, along with our obstetric and gynecologic services, enables us to provide very effective and cost-efficient one-stop healthcare solutions to families. We believe this is largely attributable to the synergies between our pediatric care and our obstetrics and gynecology services.

Our perinatology division (covering maternal medicine, obstetrics, fertility, fetal medicine and neonatology) has worked cohesively over the years to optimize outcomes in many high-risk pregnancies such as multiple pregnancies, extreme prematurity, surgically correctible fetal anomalies and growth restrictions. This robust model of care has made a huge positive impact on outcomes for our patients. In 2015, as an acknowledgement of the success and rapid growth of this discipline, we rebranded our perinatal division as “*Birth Right by Rainbow*”.

According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), CRISIL Research expects the maternity healthcare market in India to grow from ₹378 billion as of March 31, 2021 to ₹593 billion by the end of the financial year 2026, representing a CAGR of approximately 9.42% (for further details, please see “*Industry Overview*” on page 133). We believe we are well-positioned to take advantage of this expected growth in the industry.

***Hub-and-spoke model that provides synergies and ensures better care and access for patients***

We have successfully executed a hub-and-spoke model at Hyderabad, with our Banjara Hills hospital (comprising 250 beds) being the hub that is complemented by four spokes at four locations in Hyderabad, namely Secunderabad, LB Nagar, Kondapur and Hydernagar. At our hub hospital, we provide comprehensive outpatient and inpatient care with a focus on tertiary and quaternary care and, at our spokes, we provide secondary care in pediatric, obstetrics and gynecology and emergency services. Under this model, our super-

specialty doctors based at our hub hospital are able to reach out to the larger community and cover a larger catchment area. This model has enabled us to evolve over the past two decades from a single secondary care hospital in Hyderabad to six hospitals in the city and as an established provider of tertiary and quaternary care services at our hub hospitals.

We are implementing a similar hub-and-spoke model in Bengaluru as well. Our hub in Bengaluru (located at Marathahalli) is increasingly getting complex referrals from our spokes located at Bannerghatta Road and Hebbal. We plan to further expand our network of spokes in and around Bengaluru. We plan to increase capacity at both these locations by adding spokes. We also plan to replicate this model in Chennai and New Delhi-NCR, where we have hub hospitals, by adding spokes in these cities. We believe the hub and spoke model will enable us to provide comprehensive and accessible pediatric as well as perinatal services at these cities.

### ***Proven ability to attract, train and retain high-caliber medical professionals***

According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), the pediatric healthcare market in India faces challenges in relation to sourcing and retaining quality pediatric doctors. Hence, our ability to attract, train and retain seasoned doctors and other medical professionals has been a significant contributor to our growth and is critical to our future business prospects. Over the years, we have been able to attract and retain high quality medical professionals by offering them challenging and rewarding career options and growth trajectories. Our established reputation, professional approach, sound training systems and appealing career development opportunities are attractive to medical professionals.

We follow a doctor engagement model whereby most of our core specialists work exclusively at our hospitals on a full-time retainer basis. This model ensures that most of our core specialists are available 24/7 on a roster basis across our hospitals, which is particularly important for children's emergency and neonatal and pediatric intensive care services. As of September 30, 2021, we had 602 full-time doctors and 1,686 part time/visiting doctors. We believe that our full-time doctor model along with a strong middle grade doctor pool ensures seamless healthcare delivery and has resulted in a high degree of patient satisfaction.

A number of our doctors in neonatal, pediatric intensive care, pediatric sub-specialties, obstetrics and gynecology are trained or possess qualifications from the UK, US, Canada and Australia, which provides us with a competitive advantage. We enter into retainerhip contracts with our newly hired doctors covering the initial two to three year periods, which provides them with stability and makes us a desirable workplace. We have successfully adopted the doctor engagement model across our hospitals, which has led to a high degree of full-time doctor retention (at 81% for the period from April 1, 2019 to March 31, 2021).

Further, since December 2016, we have been recognized as a MRCPCH, United Kingdom examination center for pediatrics and a pre-examination training center for MRCOG by the Royal College of Obstetrics of London. We are also recognized by DNB as an examination and training center for offering training in pediatrics, neonatology, pediatric intensive care, pediatric sub-specialties, obstetrics and gynecology. We have 218 DNB and post-graduate fellows in our hospital network. According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), CRISIL Research notes that we offer 43 seats in specialties associated with pediatrics and neonatology, which is the highest among the peer set considered by CRISIL. CRISIL Research also notes that these courses offer a key competitive advantage, since recruiting and retaining quality pediatric doctor talent is challenging. We provide opportunities for these middle grade doctors who have trained at our hospitals to join us as full-time doctors. As a result of all these factors, we are able to attract, train and retain high caliber doctors, which is a significant competitive strength for our business.

### ***Strong track record of growth, operational and financial performance***

We have grown our bed capacity from 50 beds in a single hospital in 1999 to 1,500 beds across 14 hospitals as of September 30, 2021. During our first decade of operations, we focused on creating the right treatment protocols, right doctor engagement model and the appropriate business model. Post this phase, we focused on growing the number of hospitals and bed capacity at the hospitals. Over the last six years, we have added 985 beds across 10 hospitals and have expanded our presence from two cities to six cities. We have followed a financially disciplined model, focusing on cost-effective growth. All our capital investments are carefully deliberated and approved by our experienced Board of Directors. Going forward, we may seek to expand our hospital network through the acquisition of brownfield assets or development of greenfield assets (depending upon the location of the hospital and the timelines to complete the project) Additionally, in order to add capacity in a cost effective and timely manner, we have a network of selected vendors (such as architects and project

management consultants) and have also built our in-house capital expenditure procurement and projects teams.

We have delivered strong operating and financial performance across our hospital network. From our past experience, for every new region that we enter into, our first hospital which is a hub typically incurs cash losses for the first few years. Subsequently, every new spoke hospital in the city is able to achieve operational break-even (i.e., a stage where its operating revenues are sufficient to cover operating expenses) relatively faster compared to the hub hospital. Given the growth witnessed in our existing projects, coupled with our strategy of phasing out new projects, we have been able to deliver continuous profitability.

### ***Experienced senior management team with strong institutional shareholder support***

Our management team comprises qualified and experienced professionals. We believe that their vision, leadership, focus on patient care and adherence to strong corporate governance policies have contributed to our strong performance in the past and will drive our strategic direction in future. Our senior management team is led by Dr. Ramesh Kancharla, our founding Promoter, Chairman and Managing Director. He has over 23 years of experience in the United Kingdom and India in the field of pediatrics, pediatric gastroenterology, liver diseases and liver transplantation. Dr. Dinesh Kumar Chirla, one of our Promoters and our Whole-time Director, is a trained neonatologist. He has worked in children's hospitals in Australia and United Kingdom for seven years. He has strong clinical and managerial skills, and has helped build the intensive care services at our hospitals to the highest standards. Dr. Dinesh Kumar Chirla and his team are responsible for defining medical protocols, setting standards of care, recruiting and training medical personnel and ensuring delivery of high-quality care to patients. Our Head of Strategy, Mr. Mahesh Madduri, is a qualified Chartered Accountant and holds an MS Industrial Administration degree from Carnegie Mellon University, Pittsburgh, Pennsylvania. He has worked in private equity and financial services. Our COO, Dr. Rohit Manipal Bhojaraj is a qualified physician and a management professional from the Indian Institute of Management, Ahmedabad, with over 16 years of experience in the global healthcare sector. Our CFO, Mr. Gowrisankar R, is a qualified Chartered Accountant and possesses two decades of experience in finance and accounting in the Indian healthcare industry. Our Company Secretary and Compliance officer, Mr. Ashish Kapil is an associate member of the Institute of Company Secretaries of India with over 11 years of experience in legal, compliance and company secretarial matters. For further details of our management team, please see "Our Management".

Our financial investors include CDC, UK's development finance institution, which has over 70 years of experience investing in emerging markets. CDC has 30.45% shareholding in our Company and has supported us in driving growth and improving access to healthcare for our patients and guiding us on environmental, social and governance ("ESG") initiatives.

### **Our Strategy**

The following are key elements of our strategy that will help us drive growth:

#### ***Strengthen tertiary and quaternary pediatric services in our existing hospitals***

Based on our 22 years of experience in operating pediatric hospitals providing tertiary newborn, pediatric intensive and pediatric sub specialty care, we believe that there is great opportunity for us to expand our quaternary care operations. At our hub at Banjara Hills in Hyderabad, we commenced providing pediatric quaternary care services in 2019. We plan to build similar capabilities in our hospitals in Bengaluru, Chennai and New Delhi.

Further, Rainbow Children's Heart Institute is a 110-bed standalone pediatric cardiac center that treats children's cardiac problems. We plan to develop similar cardiac capabilities in Bengaluru, Chennai and New Delhi by hiring reputed, experienced and skilled cardiac specialists in these cities. We also plan to invest in specialized medical infrastructure such as cath labs, pediatric cardiac OT and echocardiogram machines, which will enhance our capabilities in treating cardiac patients.

Additionally, we regularly conduct neonatal and advanced pediatric education ("NAPE") knowledge sessions at tier-2 cities and districts, where we discuss the current trends and new treatment modalities in pediatrics. This has deepened our relationship with the pediatricians in these areas, leading to referrals for tertiary and quaternary care. We intend to increase the scope of the NAPE program across all our network hospitals, with a view to gaining further referrals. We also regularly conduct "outreach clinics" where our multispecialty pediatric doctors visit these areas and provide outpatient clinic services. At such outpatient clinics, sicker

patients needing inpatient care are advised to visit our hospitals for further treatment. This helps us building deeper relationship with the community.

### ***Further grow our comprehensive perinatal services offered under “Birthright by Rainbow”***

We started our perinatal services in 2007 by providing comprehensive perinatal care which was backed by teamwork, round the clock availability of obstetricians, anesthesiologists, neonatologists and maternal intensive care services. At our hospitals, we endeavor to make the birthing experience safe for both the mother and baby. We have built the full spectrum of obstetrics, gynecology, fetal medicine and fertility care services.

According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), CRISIL Research highlights growing maternal age, rise in pregnancy complications, pre-term births and increasing health awareness as among various factors resulting in a necessity for a comprehensive perinatal service with capabilities to deal with high-risk pregnancies. CRISIL Research further highlights the increasing trend of complications during pregnancy between 2018 and 2020 due to the aforementioned factors. The complications can involve the mother’s health, the baby’s health or both. Some women have health problems that arise during pregnancy, and other women can have health problems before they become pregnant, which leads to the need for a comprehensive perinatal service with capabilities to deal with high-risk pregnancies. We provide comprehensive perinatal care at all our hospitals and strive to make the birthing experience safe for both the mother and baby.

According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), CRISIL Research highlights that new-age couples want to experience the birthing journey with the best available treatment, hospital facilities, doctor/consultants, and antenatal and post-natal physical well-being offerings. Factors such as these, and whether the couples can avail quality services such as high-risk pregnancy care and maternity intensive care with 24/7 coverage, full-fledged fetal medicine department with capabilities of fetal inventions, and blood bank facilities within the hospital, are expected to drive demand for comprehensive high risk obstetrics. “Birthright by Rainbow”, our perinatal offering, is well-known for dealing with high-risk pregnancies and has established professional connections with city and district obstetricians to refer high-risk pregnancies to our hub hospitals, thereby strengthening our high-risk pregnancy services. We plan to offer services including assessment of fetal well-being to guide district patients by partnering with their obstetricians.

According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), birthing is an important moment in a couples’ life. With increasing workloads and sedentary activities, couples want to ensure the birthing experience is smooth, hassle-free, comfortable as well as memorable. “Birthright by Rainbow” seeks to be proactive not only in providing safe birthing but also in creating memorable birthing experiences, and has introduced child birth preparation classes with a focus on nutrition, lactation and yoga. We believe that the growth of our perinatal services has been driven by the early establishment of such practices. We are in the process of further strengthening our connect with our patients by forming pregnancy support groups and developing an interactive Birthright mobile application.

Our delivery volume has grown from 10,632 deliveries in the financial year 2019 to 13,287 deliveries in the financial year 2021, recording a CAGR of 11.79%. As a result of our unique full-time doctor engagement model and teamwork, approximately 85.00% of our deliveries are done by full-time in-house doctors. Going forward, we are focused on providing comprehensive obstetrics and gynecology services at all our current and future hospitals, which will help us in enhancing our patient and revenue base.

We also plan to increase our focus on training and increase our intake of DNB and fellowship programs in obstetrics and fetal medicine. This would increase our pool of middle grade doctors specializing in obstetrics and gynecology. We further plan to expand our service offering by introducing concepts such as trained midwifery in our hospitals.

### ***Grow our presence through hub and spoke networks across key geographic clusters and new locations***

We have successfully created a hub and spoke model in Hyderabad through our network of a hub hospital in Banjara Hills supported by four spokes spread across the city. This model provides patients access to multidisciplinary level 4 neonatal and pediatric intensive care and pediatric subspecialty care at the hub hospital while at the same time providing access to 24/7 emergency, pediatric secondary and tertiary care and full spectrum of obstetrics and gynecology closer to home at the spokes. We believe that the model is financially optimal, as spokes are set up at lower cost. We plan to replicate this model across key cities and regions in the

country.

In particular, we plan to add additional spokes at Hyderabad, Bengaluru, New Delhi-NCR and Chennai. We also plan to increase the capacity of our hubs in New Delhi-NCR and Bengaluru. Further, we are also exploring options to grow organically in newer locations in Andhra Pradesh and Tamil Nadu. In addition, we are also exploring opportunities to expand in north east India and in neighboring countries. From time to time, we will also consider inorganic growth opportunities.

### ***Initiatives to drive performance efficiencies***

We will continue to explore means to enhance performance efficiencies to reduce the cost of healthcare delivery so as to make it affordable for patients, and also contribute to the growth in our profitability. In this regard, we seek to streamline our procurement processes by focusing on (a) centralized and standardized procurement of medical equipment, consumables and pharmaceuticals; (b) leveraging the scale of our operations for more economical sourcing; and (c) using technology to have real time visibility, assess supplier performance and access other relevant information.

We constantly strive to increase the capacity utilization at all our hospitals by increasing our day care admissions. We also plan to further reduce the length of hospital stays as our surgical work is trending towards minimally invasive surgeries, which we believe will have a beneficial impact on our key operational parameters.

### ***Digital healthcare initiatives to address patient convenience, operational efficiencies and expand reach***

Our digital strategy is focused on enabling us to provide customized healthcare services for our target customers as well as to digitize processes to significantly improve the in-hospital customer experience. As we operate in children and women care, our customers include young independent professionals who are technology savvy and we believe we have the opportunity to build a deep lasting relationship with such customers spanning from conception to adolescence using digital initiatives. Our “Rainbow Children’s Hospital” mobile application is one of the core aspects of our digital strategy. The application enables patients to book appointments, make payments, order drugs for home delivery, download investigation reports and receive alerts on essential services. We are in the process of implementing an AI-enabled content management engine to support the application, which will be able to process large amounts of patient data to provide us with insight into patient needs.

We also plan to increase the scale of our reach to patients through our digital ecosystem. In the period from April 1, 2020 to March 31, 2021, driven in part by the movement restrictions arising out of the COVID-19 pandemic, we conducted over 125,000 outpatient video consultations through our video consultation platform. Out of these video consultations, a significant number were from locations where we do not have a physical presence (within India and abroad). Further, some of the patients who consulted through these video consultations subsequently required further treatment on an inpatient basis as well. We believe that there is potential to establish a hybrid model of healthcare delivery, which allows us to provide outpatient consultations through virtual means and subsequent inpatient admissions, if needed, at our network hospitals. Further, we believe that digital healthcare could be an optimal way to reach out to patients in geographies where the relevant pediatric subspecialty services are not available. Such patients can consult us digitally in a cost effective and efficient manner for their pediatric specialty needs. Those who need medical and surgical interventions would be directed to the nearest hub hospital.

For further details, please see “ – IT Infrastructure and Digital Roadmap” below.

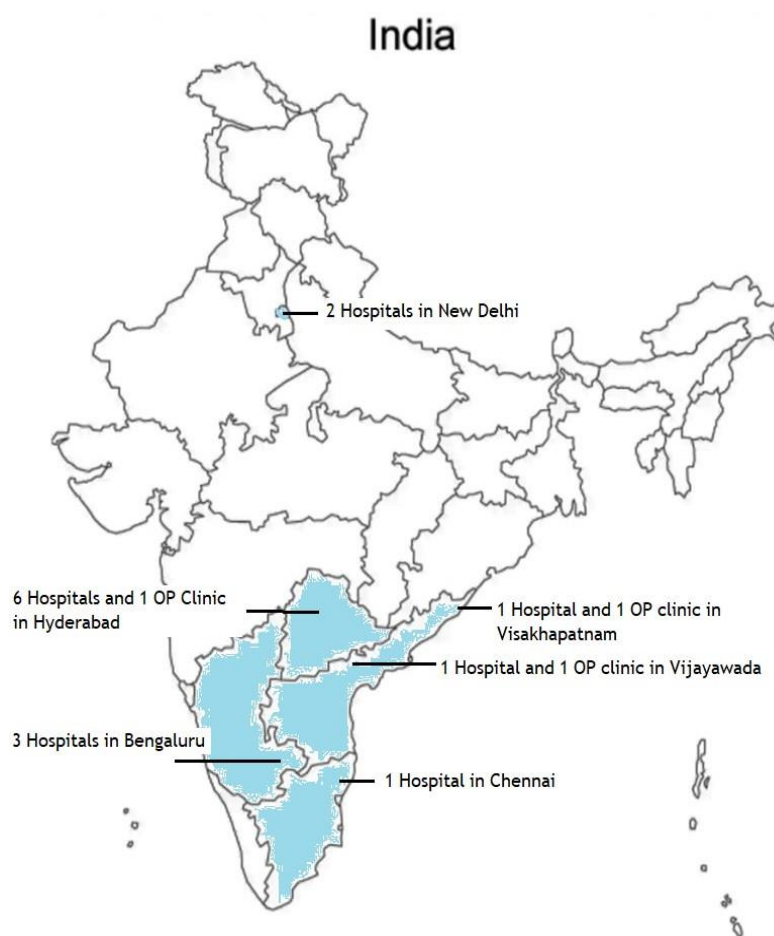
### **Description of our Business**

We offer comprehensive healthcare services across our core specialties of (i) pediatrics, including newborn and pediatric intensive care, pediatric multi-specialty care services and pediatric quaternary care, where we also perform multi-organ transplants in children, and (ii) obstetrics and gynecology, including normal and complex obstetric care, multi-disciplinary fetal care and perinatal genetic care, as well as fertility treatment, where we offer a wide range of assisted reproduction treatments.

### ***Our Hospitals***

We operate a total of 14 hospitals and three clinics, five of which are NABH-accredited and three of which have

received EDGE certification. The following map sets forth the locations of our hospitals and clinics:



*Note: Includes the Madhukar Rainbow Children's Hospital & Birthright by Rainbow Hospital in New Delhi, a hospital operated by the Madhukar Trust for which we provide medical services to inpatients, see “– Hospitals in New Delhi, Delhi – Madhukar Rainbow Children's Hospital & Birthright by Rainbow Hospital, Delhi” on page 187.*

#### *Hospitals in Hyderabad, Telangana*

We operate six hospitals in Hyderabad, Telangana, including:

- (i) Rainbow Children's Hospital & Birthright by Rainbow Hospitals, Banjara Hills

This is our first hospital at which we commenced operations in 1999. This hospital is a 250-bed quaternary pediatric hospital, at which we offer over 25 pediatric super specialties and allied services such as neurology, haemato-oncology, nephrology, gastroenterology and liver diseases, endocrinology, dental, metabolic and genetic disorders and pediatric surgery. The hospital hosts an advanced Level 4 neonatal ICU and a multi-disciplinary pediatric ICU, at which we offer neurocritical care services, continuous renal replacement therapy (“**CRRT**”) dialysis, plasmapheresis services, burn treatments, post-transplant patient care, and both neonatal and children extracorporeal membrane oxygenation (“**ECMO**”) therapy. This hospital was awarded the No. 1 Best Standalone Hospital in Pediatrics by The WEEK – Hansa Research Best Hospitals Survey 2021.

We offer comprehensive neurology services at this hospital. The child development center at this hospital provides holistic neurodevelopmental interventions to children with a wide variety of developmental and psychosocial issues. We have 21 beds dedicated to children haemato-oncology and bone marrow transplant services and, in the financial year 2021, we admitted and treated 1,953 children with hematological disorder and childhood cancer cases. Our pediatric gastroenterology department discharged over 385 hepato-biliary surgeries during the financial year 2021, and commenced liver transplant services this year, with four liver

transplants completed as of September 30, 2021. Our pediatric nephrology and urology department served 6,377 children with kidney diseases during the financial year 2021 and has recently commenced a kidney transplant program. Our pediatric surgical team caters to complex surgical conditions in children and works as a multi-disciplinary team with other specialists, performing minimally invasive thoracoscopy and laparoscopic complex procedures. As of September 30, 2021, we had saved more than 1,110 babies weighing less than 1,000 grams at NICU.

We also provide neonatal and pediatric retrieval services at this hospital. We are able to retrieve neonates and children from nearby districts in a fully functional neonatal/pediatric ambulance with artificial life support facilities. We also provide air transportation medical services for neonates and children from distant locations. In addition, our pediatric outpatient department served 139,702 patients during the financial year 2021 and runs a significant immunization program.

(ii) Rainbow Children's Heart Institute, Banjara Hills

We commenced operations at this institute in 2019. This institute is a 110-bed exclusive heart center at which we provide comprehensive treatment for children with congenital and other cardiac ailments, including specialized echocardiography services and fetal cardiac procedures. Since inception in 2019 to September 30, 2021, we have performed 769 cardiac surgeries and 725 cardiac catheterization procedures at this hospital.

(iii) Rainbow Children's Hospital & Birthright by Rainbow Hospital – Vikramপুরi

We commenced operations at this hospital in 2007. The hospital is a 110-bed tertiary care pediatric hospital that caters to the population of Secunderabad as well as its adjoining districts. It has a 38-bed Level 3 NICU and 14-bed advanced PICU which are both supported by allied pediatric multi-specialty services. We offer comprehensive, full-time fetal medicine with 24/7 obstetrics, anesthesia and neonatal team coverage.

(iv) Rainbow Children's Hospital & Birthright by Rainbow Hospital, Kondapur and Outpatient Clinic

We commenced operations at this hospital in 2013. The hospital is a 50-bed hospital with an exclusive maternity care unit providing fetal medicine, neonatal and general pediatric care services. The hospital includes a Level 2 NICU with facilities to care for premature babies and capabilities for short-time ventilation, a 24/7 available consultant neonatologist and skilled nursing staff. This hospital also includes an outpatient clinic and IVF center. We offer outpatient lactation, physiotherapy services, child birth preparation and dedicated fetal medicine services at this hospital. Our IVF center is equipped with advanced reproductive technology and we are able to provide intracytoplasmic morphologically selected sperm injection (IMSI) treatment for male factor fertility. For further details on our fertility care services, see “– Key Specialties – Women Care – Fertility care services” on page 195.

(v) Rainbow Children's Hospital & Birthright by Rainbow Hospital – Hydernagar

We commenced operations at this hospital in 2014. The hospital is a 110-bed tertiary pediatric hospital with a 24-bed advanced Level 3 NICU and 6-bed PICU, both of which are supported by allied pediatric multispecialty services. This center provides advanced gynecology and laparoscopic services.

(vi) Rainbow Children's Hospital & Birthright by Rainbow Hospital – LB Nagar, Hyderabad

We commenced operations at this hospital in 2016. This hospital is located in the LB Nagar area of Hyderabad. The hospital is a 100-bed pediatric hospital with a 15-bed advanced Level 3 NICU and 8-bed PICU, both of which are supported by allied pediatric multispecialty services. The hospital is equipped to provide primary, secondary and tertiary pediatric care.

The following table sets forth certain key operational information on our hospitals in Hyderabad as of and for the periods indicated:

| Hyderabad Cluster        | Six Months<br>Ended<br>September 30, | Financial Year Ended March 31, |      |      |
|--------------------------|--------------------------------------|--------------------------------|------|------|
|                          | 2021                                 | 2021                           | 2020 | 2019 |
| Number of hospitals..... | 6                                    | 6                              | 6    | 5    |

|                                         |         |         |         |         |
|-----------------------------------------|---------|---------|---------|---------|
| Bed capacity <sup>(1)</sup> .....       | 730     | 705     | 705     | 595     |
| Operational beds .....                  | 513     | 495     | 495     | 445     |
| NICU beds <sup>(2)</sup> .....          | 154     | 134     | 134     | 124     |
| PICU beds <sup>(3)</sup> .....          | 83      | 76      | 76      | 61      |
| Occupancy rate <sup>(4)</sup> (%) ..... | 56.47%  | 42.93%  | 71.24%  | 68.60%  |
| ALOS <sup>(5)</sup> (days) .....        | 2.84    | 2.51    | 2.94    | 3.07    |
| Inpatient volume .....                  | 18,578  | 30,910  | 43,176  | 36,264  |
| Outpatient volume .....                 | 250,745 | 402,669 | 610,913 | 523,703 |

*Notes:*

- (1) Bed capacity includes census and non-census beds.
- (2) Includes the cardiothoracic ICU beds at our Rainbow Children's Heart Institute, Banjara Hills.
- (3) Includes the cardiac ICU beds at our Rainbow Children's Heart Institute, Banjara Hills.
- (4) Occupancy rate means number of beds occupied divided by number of operational census beds (i.e. excluding day care, pre-operative beds, post-operative beds and emergency beds) as of the last day of the relevant period/year.
- (5) "ALOS" means average of length of stay, which is the total length of stay days for a period/year divided by inpatient volume for such period/year. Length of stay day is based on daily midnight bed count.

### *Hospitals in Bengaluru, Karnataka*

We operate three hospitals in Bengaluru, Karnataka:

(i) Rainbow Children's Hospital & Birthright by Rainbow Hospital – Marathahalli, Bengaluru

We commenced operations at this hospital in 2015. The hospital is a 200-bed tertiary care hospital with 24 pediatric ICU beds and 45 neonatal ICU beds, and is a major referral center for nearby districts and states. We operate a multi-disciplinary pediatric ICU, where we offer neurocritical care services and both neonatal and children extracorporeal membrane oxygenation ("ECMO") therapy. During the financial year 2021, our PICU at this hospital ventilated 256 patients and our NICU at this hospital, which can treat the smallest pre-term babies, handled 94 invasive ventilations.

We provide comprehensive pediatric neurology services at this hospital, handling neurodevelopmental interventions in children with a variety of developmental and psychosocial issues. Our childhood cancer center cares for newborns and children with hematological and oncological disorders. Our center for kidney diseases provides kidney transplants and dialysis services for children and neonates, and also supports CRRTs and plasmapheresis treatments in the ICU.

We have a dedicated pediatric orthopedic center at this hospital called "Pragati". The center provides treatment services for children affected by neurological and orthopedic disorders such as cerebral palsy and other disabilities.

This hospital also serves as a referral center for other subspecialties including pediatric gastroenterology and hepatobiliary services, pediatric endocrinology, pediatric rheumatology and pediatric infectious diseases. Our pediatric surgical team at this hospital is capable of performing numerous complex procedures and works as a multi-disciplinary team with other specialists. Apart from inpatient services, we also run various special outpatient clinics including an epilepsy clinic, cholestasis clinic, inflammation clinic, bed-wetting clinic and airway clinic.

We offer several academic programs at this hospital. We commenced DNB-approved pediatric and obstetrics training at this hospital in 2019 and, as of September 30, 2021, we had 12 students under training. The DNB has recognized this hospital for PICU super-specialty training. We also offer fellowship programs in pediatric and neonatal intensive care, pediatric nephrology and pediatric orthopedics at this hospital, in affiliation with the Indian Academy of Pediatrics, New Delhi and Rajiv Gandhi University, Bangalore. We also hold educational conferences and workshops at this hospital for practicing pediatricians and post-graduate students. In 2019, we hosted the International Pediatric Update conference with attending faculty from India and abroad. We have conducted national level workshops and simulation workshops in collaboration with the National Alliance for Pharmacy Education to train pediatricians in managing emergencies, and we continue to conduct local Continuing Medical Education (CME) workshops.

(ii) Rainbow Children's Hospital & Birthright by Rainbow Hospital – Bannerghatta Road, Bengaluru



We commenced operations at this hospital in 2016. This hospital is a 102-bed tertiary pediatric hospital with a 21-bed advanced Level 3 NICU and 10-bed PICU, both of which are supported by allied pediatric multi-specialty services

We also provide comprehensive women care at this hospital, which holds an exclusive maternity care unit supported by fetal medicine capabilities. The hospital has witnessed growth in deliveries over the last three years, delivering 1,327, 1,386 and 1,033 babies during the financial years 2021, 2020 and 2019, respectively.

(iii) Rainbow Children's Hospital & Birthright by Rainbow Hospital – Hebbal

We commenced operations at this hospital in 2020. This hospital is a 50-bed hospital with a 16-bed advanced Level 3 NICU and 4-bed PICU, both of which are supported by allied pediatric multi-specialty services. We also offer perinatal services for expectant mothers and newborns at this hospital.

The following table sets forth certain key operational information on our hospitals in Bengaluru as of and for the periods indicated:

| Bengaluru Cluster                       | Six Months Ended September 30, | Financial Year Ended March 31, |         |         |
|-----------------------------------------|--------------------------------|--------------------------------|---------|---------|
|                                         | 2021                           | 2021                           | 2020    | 2019    |
| Number of hospitals.....                | 3                              | 3                              | 2       | 2       |
| Bed capacity <sup>(1)</sup> .....       | 352                            | 352                            | 302     | 302     |
| Operational beds .....                  | 296                            | 296                            | 246     | 246     |
| NICU beds.....                          | 82                             | 82                             | 66      | 66      |
| PICU beds .....                         | 38                             | 38                             | 34      | 34      |
| Occupancy rate <sup>(2)</sup> (%) ..... | 30.08%                         | 23.59%                         | 41.67%  | 32.58%  |
| ALOS <sup>(3)</sup> (days).....         | 2.60                           | 2.24                           | 2.73    | 2.77    |
| Inpatient volume .....                  | 6,269                          | 10,411                         | 13,724  | 10,550  |
| Outpatient volume .....                 | 48,560                         | 89,365                         | 157,560 | 136,306 |

Notes:

- (1) Bed capacity includes census and non-census beds.
- (2) Occupancy rate means number of beds occupied divided by number of operational census beds (i.e. excluding day care, pre-operative beds, post-operative beds and emergency beds) as of the last day of the relevant period/year.
- (3) "ALOS" means average of length of stay, which is the total length of stay days for a period/year divided by inpatient volume for such period/year. Length of stay day is based on daily midnight bed count.

Hospitals in Vijayawada and Visakhapatnam, Andhra Pradesh

We operate one hospital in Vijayawada, Andhra Pradesh:

(i) Rainbow Children's Hospital & Birthright by Rainbow Hospital, Currency Nagar – Vijayawada

We commenced operations at this hospital in 2007. The hospital is a 130-bed hospital with 18 pediatric ICU beds and 36 neonatal ICU beds.

We offer comprehensive pediatric neurology services at this hospital. Our pediatric surgical team at this hospital caters to complex surgical conditions in children and works as a multi-disciplinary team with other specialists. We offer an out-reach program of pediatric sub-specialties from Hyderabad on a regular basis. This hospital offers comprehensive perinatal services, delivering 1,539 babies in the financial year 2021. This is further strengthened by a full suite of fetal medicine services and maternal intensive care. We also offer a full range of gynecological and fertility services at this hospital. In addition, this hospital serves as a referral center for high-risk pregnancies from the neighboring districts of Vijayawada.

In 2019, we commenced DNB-approved training in pediatrics at this hospital. We also offer fellowship programs in pediatric and neonatal intensive care at this hospital.

We operate one hospital in Visakhapatnam, Andhra Pradesh:

(ii) Rainbow Children's Hospital & Birthright by Rainbow Hospital – Visakhapatnam

We commenced operations in December 2020. The hospital is a 129-bed tertiary pediatric hospital with a 16-bed advanced Level 3 NICU and 15-bed PICU, both of which are supported by allied pediatric multi-specialty services. This hospital is equipped with an advanced perinatal center that provides fetal medicine and high-risk obstetrics services.

In addition, we operate (i) one satellite outpatient clinic in Vijayawada, namely Rainbow Children's Hospital & Birthright by Rainbow Hospital – Governorpet, Vijayawada and (ii) one satellite outpatient clinic in Visakhapatnam, namely Rainbow Children's Hospital & Birthright Clinic – Visakhapatnam, where we offer outpatient consultations in general pediatrics, other pediatric sub-specialties and obstetrics and gynecology and fetal medicine.

The following table sets forth certain key operational information on our hospitals in Vijayawada and Visakhapatnam as of and for the periods indicated:

| Andhra Pradesh Cluster                  | Six Months<br>Ended | Financial Year Ended March 31, |         |        |
|-----------------------------------------|---------------------|--------------------------------|---------|--------|
|                                         | September 30,       |                                |         |        |
|                                         | 2021                | 2021                           | 2020    | 2019   |
| Number of hospitals.....                | 2                   | 2                              | 1       | 1      |
| Bed capacity <sup>(1)</sup> .....       | 259                 | 259                            | 130     | 130    |
| Operational beds.....                   | 209                 | 209                            | 128     | 128    |
| NICU beds.....                          | 52                  | 52                             | 36      | 36     |
| PICU beds .....                         | 33                  | 33                             | 18      | 18     |
| Occupancy rate <sup>(2)</sup> (%) ..... | 32.63%              | 30.28%                         | 50.87%  | 56.49% |
| ALOS <sup>(3)</sup> (days).....         | 3.24                | 3.09                           | 3.76    | 4.44   |
| Inpatient volume .....                  | 3,856               | 5,536                          | 6,337   | 5,939  |
| Outpatient volume .....                 | 44,405              | 66,769                         | 101,235 | 89,180 |

Notes:

- (1) Bed capacity includes census and non-census beds.
- (2) Occupancy rate means number of beds occupied divided by number of operational census beds (i.e. excluding day care, pre-operative beds, post-operative beds and emergency beds) as of the last day of the relevant period/year.
- (3) "ALOS" means average of length of stay, which is the total length of stay days for a period/year divided by inpatient volume for such period/year. Length of stay day is based on daily midnight bed count.

#### Hospitals in New Delhi, Delhi

We operate one hospital and manage the inpatient department in another hospital in New Delhi:

##### (i) Rosewalk Luxury Hospital for Women

We acquired this 24-bed hospital in June 2019. It is a premium birthing center to provide comprehensive care for pregnancy, fetal medicine and birthing experience. It is well backed by new-born team with level 2 neonatal facilities. The hospital also performs wide-range of gynecological and cosmetic surgeries.

##### (ii) Madhukar Rainbow Children's Hospital & Birthright by Rainbow Hospital, Delhi

This hospital is owned by the Madhukar Trust and operated by Rainbow Children's Hospital. The hospital commenced operations in 2017.

The 130-bed hospital is located in the Malviya Nagar area of South Delhi. It has a 29-bed Level 4 neonatal ICU with 15 pediatric multi-disciplinary intensive care beds, capable of treating neonates and children. The perinatal care team is supported by 24/7 obstetrics and neonatology teams. We have established 24/7 retrieval services to pick up babies and children from within the New Delhi-NCR region and neighboring cities and towns. This hospital is a referral center for bone marrow transplants, fetal scans, fetal therapies and cochlear implants.

We manage the clinical services for the inpatient operations at this hospital, for which we earn 32.5% of the revenues generated by the Madhukar Trust from its inpatient operations and record the revenue from such services under our consolidated revenue of operations as medical service fees. Further, we run the entire outpatient operations at this hospital including outpatient consultations, laboratory services as well as the pharmacy and canteen.

The following table sets forth certain key operational information on our hospitals in New Delhi as of and for the periods indicated:

| New Delhi Cluster                        | Six Months Ended<br>September 30, | Financial Year Ended March 31, |        |        |
|------------------------------------------|-----------------------------------|--------------------------------|--------|--------|
|                                          | 2021                              | 2021                           | 2020   | 2019   |
| Number of hospitals <sup>(1)</sup> ..... | 2                                 | 2                              | 2      | 1      |
| Bed capacity <sup>(2)</sup> .....        | 24                                | 24                             | 24     | —      |
| Operational beds .....                   | 20                                | 20                             | 20     | —      |
| NICU beds .....                          | 6                                 | 6                              | 6      | —      |
| Occupancy rate <sup>(3)</sup> (%) .....  | 23.55%                            | 19.71%                         | 10.46% | —      |
| ALOS <sup>(4)</sup> (days) .....         | 1.24                              | 1.43                           | 1.74   | —      |
| Inpatient volume .....                   | 694                               | 1,003                          | 374    | —      |
| Outpatient volume <sup>(1)</sup> .....   | 24,612                            | 36,390                         | 44,457 | 32,280 |

Notes:

- (1) Includes the Madhukar Rainbow Children's Hospital & Birthright by Rainbow Hospital in New Delhi, a hospital owned by the Madhukar Trust, where we provide medical services to inpatients.
- (2) Bed capacity includes census and non-census beds.
- (3) Occupancy rate means number of beds occupied divided by number of operational census beds (i.e. excluding day care, pre-operative beds, post-operative beds and emergency beds) as of the last day of the relevant period/year.
- (4) "ALOS" means average of length of stay, which is the total length of stay days for a period/year divided by inpatient volume for such period/year. Length of stay day is based on daily midnight bed count.

#### Hospital in Chennai, Tamil Nadu

We operate one hospital in Chennai, Tamil Nadu:

- (i) Rainbow Children's Hospital & Birthright by Rainbow Hospital – Chennai.

We commenced operations in 2018. This 135-bed hospital is located in the center of Chennai, and has 37 NICU Level 4 beds. This hospital's 15-bed PICU is supported by experienced pediatric intensivists and pediatric subspecialties. It provides neurocritical services including CRRT, peritoneal dialysis and neuro-critical care services. We also provide neonatal hemodialysis for babies with rare diseases and inborn errors of metabolism at this hospital.

We have been actively building the pediatric sub specialties at this hospital. The comprehensive perinatal care team is supported by 24/7 obstetrics and neonatology doctors. Our neurosurgeons at this hospital are capable of handling advanced and complex neurosurgeries even in neonates. Our specialized cardiothoracic team is able to perform complex congenital heart surgeries and bedside cardiac procedures in small babies.

This hospital has benefited from the strong brand image of Rainbow Children's Hospital in the state of Andhra Pradesh, which has helped refer children from the Southern part of the state to this hospital.

The following table sets forth certain key operational information on our hospital in Chennai as of and for the periods indicated:

| Chennai Cluster                         | Six Months Ended<br>September 30, | Financial Year Ended March 31, |        |        |
|-----------------------------------------|-----------------------------------|--------------------------------|--------|--------|
|                                         | 2021                              | 2021                           | 2020   | 2019   |
| Number of hospitals .....               | 1                                 | 1                              | 1      | 1      |
| Bed capacity <sup>(1)</sup> .....       | 135                               | 135                            | 135    | 135    |
| Operational beds .....                  | 112                               | 112                            | 112    | 112    |
| NICU beds .....                         | 37                                | 37                             | 37     | 37     |
| PICU beds .....                         | 15                                | 15                             | 15     | 15     |
| Occupancy rate <sup>(2)</sup> (%) ..... | 42.91%                            | 29.59%                         | 36.39% | 23.23% |
| ALOS <sup>(3)</sup> (days) .....        | 4.21                              | 3.66                           | 4.58   | 5.91   |
| Inpatient volume .....                  | 2,087                             | 3,305                          | 3,260  | 669    |
| Outpatient volume .....                 | 17,327                            | 28,918                         | 26,884 | 5,876  |

Notes:

- (1) Bed capacity includes census and non-census beds.
- (2) Occupancy rate means number of beds occupied divided by number of operational census beds (i.e. excluding day care, pre-operative beds, post-operative beds and emergency beds) as of the last day of the relevant period/year.
- (3) “ALOS” means average of length of stay, which is the total length of stay days for a period/year divided by inpatient volume for such period/year. Length of stay day is based on daily midnight bed count.

### *Vintage analysis*

The following tables set out certain key highlights and operational parameters for our hospitals by vintage for the periods indicated. Our mature hospitals are those which were established or operational more than four financial years ago (i.e. prior to April 1, 2017), and comprises eight of our hospitals. Our new hospitals are those which were established or became operational within the last four financial years (i.e. from April 1, 2017 onwards), and comprises six of our hospitals.

|                                         | Six Months Ended |         |                                |         |
|-----------------------------------------|------------------|---------|--------------------------------|---------|
|                                         | September 30,    |         | Financial Year Ended March 31, |         |
|                                         | 2021             | 2021    | 2020                           | 2019    |
| <b>Mature Hospitals</b>                 |                  |         |                                |         |
| Bed capacity <sup>(1)</sup> .....       | 1,052            | 1,027   | 1,027                          | 1,027   |
| Operational beds .....                  | 837              | 819     | 819                            | 819     |
| Occupancy rate <sup>(2)</sup> (%) ..... | 48.05%           | 37.13%  | 60.84%                         | 55.89%  |
| ALOS <sup>(3)</sup> (days) .....        | 2.76             | 2.45    | 2.93                           | 3.17    |
| Inpatient volume .....                  | 26,581           | 45,380  | 62,263                         | 52,753  |
| Outpatient volume .....                 | 326,792          | 545,213 | 862,554                        | 749,189 |
|                                         |                  |         |                                |         |
|                                         | Six Months Ended |         |                                |         |
|                                         | September 30,    |         | Financial Year Ended March 31, |         |
|                                         | 2021             | 2021    | 2020                           | 2019    |
| <b>New Hospitals</b>                    |                  |         |                                |         |
| Bed capacity <sup>(1)</sup> .....       | 448              | 448     | 269                            | 135     |
| Operational beds .....                  | 313              | 313     | 182                            | 112     |
| Occupancy rate <sup>(2)</sup> (%) ..... | 31.07%           | 24.10%  | 34.39%                         | 23.23%  |
| ALOS <sup>(3)</sup> (days) .....        | 3.63             | 3.56    | 4.67                           | 5.91    |
| Inpatient volume .....                  | 4,903            | 5,785   | 4,608                          | 669     |
| Outpatient volume .....                 | 58,857           | 78,898  | 78,495                         | 38,156  |

#### *Notes:*

- (1) Bed capacity includes census and non-census beds.
- (2) Occupancy rate means number of beds occupied divided by number of operational census beds (i.e. excluding day care, pre-operative beds, post-operative beds and emergency beds) as of the last day of the relevant period/year.
- (3) “ALOS” means average of length of stay, which is the total length of stay days for a period/year divided by inpatient volume for such period/year. Length of stay day is based on daily midnight bed count.

### **Key Specialties**

Our core specialties are (i) pediatrics, including newborn and pediatric intensive care, pediatric multi-specialty care and pediatric quaternary care, where we also perform multi-organ transplants in children, and (ii) women care, including normal and complex obstetric care, multi-disciplinary fetal care and perinatal genetic care, as well as fertility care, where we offer a wide range of assisted reproduction treatments.

#### *Pediatric services (including secondary, tertiary and quaternary care)*

We offer a comprehensive range of healthcare services for children from birth all through their childhood and adolescent years. Since our inception, we have strived to provide the best services for children requiring super specialty care in a child-friendly environment. According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), we are one of the few pediatric focused hospital chains in South India. For the six months ended September 30, 2021 and the financial years 2021, 2020 and 2019, we had 22,302 inpatients and 267,759 outpatients, 34,352 inpatients and 412,420 outpatients, 49,641 inpatients and 697,672 outpatients, and 38,937 inpatients and 570,573 outpatients, respectively, for our pediatric services.

The following table sets forth our key pediatrics departments, the hospitals at which such departments operate, and the key services and treatments provided by each department:

| Department                                         | Hospitals                                                                                                                                                                                                                                                                         | Services and treatments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Department of General Pediatrics                   | <ul style="list-style-type: none"> <li>• All hospitals</li> </ul>                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>• Immunizations</li> <li>• Managing children suffering from acute and seasonal illnesses</li> <li>• Evaluation of children with fevers</li> <li>• School and community health program</li> <li>• Treating children with injuries and injury prevention</li> <li>• Treating asthma, diarrhea, constipation, ear infection</li> <li>• Adolescent clinics</li> <li>• Developmental screening</li> <li>• Injury prevention</li> <li>• Chronic fatigue syndrome</li> <li>• Treating special children and youth with special needs</li> </ul>                                                                                                                                                                                                                                                                                                                                |
| Department of Neonatology                          | <ul style="list-style-type: none"> <li>• All hospitals</li> </ul>                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>• Care of preterm babies with very low birth weight and extreme low birth weight</li> <li>• New born emergency transports</li> <li>• Care of new sick newborns including treatment of sepsis, birth asphyxia, neonatal seizures and respiratory distress</li> <li>• Advanced ventilation including HFOV</li> <li>• Inhale nitric oxygen therapy</li> <li>• Neonatal surgical services</li> <li>• Neonatal metabolic and genetic services</li> <li>• Therapeutic cooling for children with asphyxia, bedside EEG monitoring</li> <li>• Neonatal cardiology services</li> <li>• Total parental nutrition</li> <li>• Bedside patent ductus arteriosus (PDA) ligation</li> <li>• Development supportive and kangaroo mother care</li> <li>• High-risk follow-up clinic</li> <li>• Retinopathy of prematurity (ROP) clinic</li> <li>• Neonatal hearing screening</li> </ul> |
| Pediatric Intensive Care Unit                      | <ul style="list-style-type: none"> <li>• All hospitals</li> </ul>                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>• Supported by pediatric surgeons and more than 15 sub-specialties</li> <li>• Pediatric neurocritical care services</li> <li>• CRRT, plasmapheresis, peritoneal dialysis, hemodialysis</li> <li>• Advanced ventilation including HFOV</li> <li>• Inhale nitric oxide therapy</li> <li>• Pediatric trauma and poison</li> <li>• Bedside EEG Monitoring</li> <li>• Treatment of critically ill children with seasonal and acute illness</li> <li>• Acute kidney, liver failure pediatric cases</li> <li>• Encephalopathy and status epilepticus cases</li> <li>• Pediatric ECMO Services</li> <li>• Pediatric burns</li> </ul>                                                                                                                                                                                                                                           |
| Department of Pediatric Neurology & Neuro-surgical | <ul style="list-style-type: none"> <li>• Banjara Hills</li> <li>• Vikramপুরi</li> <li>• Hydernagar</li> <li>• LB Nagar</li> <li>• Marathahalli</li> <li>• Bannerghatta Road</li> <li>• Chennai</li> <li>• Malviya Nagar</li> <li>• Vijayawada</li> <li>• Visakhapatnam</li> </ul> | <ul style="list-style-type: none"> <li>• Childhood epilepsy</li> <li>• Febrile seizures</li> <li>• Autism spectrum disorders</li> <li>• Muscle problems such as muscular neuropathy and dystrophy</li> <li>• Behavioral disorders such as tics, ADHD and sleep problems</li> <li>• Headaches including concussions and migraines</li> <li>• Intellectual disability</li> <li>• Developmental disorders such as coordination issues, cerebral palsy, delayed motor milestones and delayed speech</li> <li>• Traumatic Brain Injury (TBI)</li> <li>• Stroke</li> <li>• Congenital malformations affecting the nervous system</li> <li>• Congenital birth defects affecting the spinal cord and the brain like spina bifida</li> <li>• Brain tumors</li> </ul>                                                                                                                                                   |

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|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                           |                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>• Inflammation or infections of the brain</li> <li>• Autoimmune problems such as multiple sclerosis</li> <li>• Genetic conditions affecting the nervous system</li> <li>• Abnormal mental development, learning disabilities and speech disabilities</li> <li>• Head injuries and the complications they accompany</li> <li>• Palliative and hospice medicine</li> <li>• Hydrocephalus (fluid build-up in the brain)</li> <li>• Vascular neurology</li> </ul>                                                                                                                                                                                                                                                                    |
| Department of Pediatric Nephrology                        | <ul style="list-style-type: none"> <li>• Banjara Hills</li> <li>• Vikramপুরi</li> <li>• Marathahalli</li> <li>• Chennai</li> <li>• Malviya Nagar</li> </ul>                          | <ul style="list-style-type: none"> <li>• Acute kidney injury</li> <li>• Acute nephritis</li> <li>• Childhood hypertension (high BP)</li> <li>• Chronic renal failure</li> <li>• Developmental abnormalities of the kidneys</li> <li>• Hematuria (blood in urine)</li> <li>• Hereditary nephropathy</li> <li>• Nephrotic syndrome (protein leakage through the kidneys)</li> <li>• Pyelonephritis</li> <li>• Renal calculi (kidney stones)</li> <li>• Renal tubular disorder leading to acid-base and electrolyte disturbances</li> <li>• Renal vasculitis</li> <li>• Urogenital abnormalities and their surgical management</li> <li>• Urinary tract infections (UTI)</li> <li>• Vitamin D refractory Rickets</li> <li>• Voiding disorder such as bedwetting</li> </ul> |
| Department of Pediatric Gastroenterology                  | <ul style="list-style-type: none"> <li>• Banjara Hills</li> <li>• Marathahalli</li> <li>• Malviya Nagar</li> </ul>                                                                   | <ul style="list-style-type: none"> <li>• Bleeding in the gastrointestinal tract</li> <li>• Liver disease</li> <li>• Chronic or severe diarrhea</li> <li>• Food intolerances or allergies</li> <li>• Liver Transplant</li> <li>• Short bowel syndrome</li> <li>• Inflammatory bowel disease</li> <li>• Severe or complex gastroesophageal reflux disease (GERD)</li> <li>• Acute or severe abdominal pain</li> <li>• Chronic constipation</li> <li>• Liver disease</li> <li>• Feeding disorder</li> <li>• Pancreatic insufficiency</li> <li>• Pancreatitis</li> <li>• Cystic fibrosis</li> <li>• Nutritional problems such as obesity, malnutrition and failure to thrive</li> </ul>                                                                                     |
| Department of Haemato-oncology and Bone Marrow Transplant | <ul style="list-style-type: none"> <li>• Banjara Hills</li> <li>• Marathahalli</li> <li>• Chennai</li> <li>• Malviya Nagar</li> <li>• Vijayawada</li> <li>• Visakhapatnam</li> </ul> | <ul style="list-style-type: none"> <li>• Acute leukemia (blood cancer)</li> <li>• Neuroblastoma</li> <li>• Lymphomas (lymph node cancer)</li> <li>• Brain tumor</li> <li>• Germ cell tumor</li> <li>• Wilms tumor (from the kidney)</li> <li>• Osteosarcoma (from bone)</li> <li>• Ewing's sarcoma</li> <li>• Rhabdomyosarcomas</li> <li>• Hepatoblastoma (liver-related)</li> <li>• Soft tissue sarcomas</li> <li>• Refractory anemias including remitting relapsing autoimmune hemolytic anemias requiring Rituximab</li> <li>• Chronic Immune Thrombocytopenia (ITP) that needs second-line</li> </ul>                                                                                                                                                               |

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|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                           |                                                                                                                                                                                                                                                                                                                                    | medications like Rituximab <ul style="list-style-type: none"> <li>• Hemoglobinopathies</li> <li>• Nutritional anemias</li> <li>• Other inherited anemias</li> <li>• Aplastic anemias (requiring immunosuppressive therapy along with Cyclosporine (CSA) and Antithymocyte Globulin (ATG))</li> </ul>                                                                                                                                                                                                                                                           |
| Department of Orthopedics                                                                 | <ul style="list-style-type: none"> <li>• Banjara Hills</li> <li>• Vikramপুরi</li> <li>• Hydernagar</li> <li>• LB Nagar</li> <li>• Marathahalli</li> <li>• Bannerghatta Road</li> <li>• Hebbal</li> <li>• Chennai</li> <li>• Malviya Nagar</li> </ul>                                                                               | <ul style="list-style-type: none"> <li>• Arthroscopic surgeries</li> <li>• Ligament reconstructions</li> <li>• Fracture care</li> <li>• Hammertoe repair</li> <li>• Bunionectomy</li> <li>• Cartilage surgery to the knee</li> <li>• Resurfacing procedures</li> <li>• Repair of torn tendons and ligaments</li> <li>• Spine surgery including laminectomy, spinal fusion, foraminotomy and discectomy</li> <li>• Advanced external fixation</li> <li>• Minimally invasive surgery</li> <li>• Use of bone-fusing protein and bone graft substitutes</li> </ul> |
| Department of Pediatric ENT                                                               | <ul style="list-style-type: none"> <li>• Banjara Hills</li> <li>• Vikramপুরi</li> <li>• Hydernagar</li> <li>• LB Nagar</li> <li>• Marathahalli</li> <li>• Bannerghatta Road</li> <li>• Hebbal</li> <li>• Chennai</li> <li>• Malviya Nagar</li> <li>• Vijayawada</li> <li>• Visakhapatnam</li> <li>• Rosewalk</li> <li>•</li> </ul> | <ul style="list-style-type: none"> <li>• Cochlear implantation</li> <li>• Reconstruction for airway obstruction</li> <li>• Airway balloon dilation</li> <li>• Audiological services</li> <li>• Rehabilitation services</li> <li>• Postoperative care</li> <li>• Family Resource Center</li> </ul>                                                                                                                                                                                                                                                              |
| Department of Pediatric Cardiology and Cardiac Sciences                                   | <ul style="list-style-type: none"> <li>• Banjara Hills</li> <li>• Heart Institute</li> <li>• Chennai</li> </ul>                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>• Arrhythmias</li> <li>• Kawasaki disease</li> <li>• Aortic aneurysm and dissection</li> <li>• Pacemaker</li> <li>• Chest pain</li> <li>• Pulmonary hypertension</li> <li>• Congenital heart disease</li> <li>• Hypertension</li> <li>• Congestive heart failure</li> <li>• Fetal Echo cardiogram</li> <li>• Fetal cardiac interventions</li> <li>• Cath lab</li> </ul>                                                                                                                                                 |
| Department of Pediatric Surgery, Pediatric Urology and Pediatric Minimal Invasive Surgery | <ul style="list-style-type: none"> <li>• All hospitals</li> </ul>                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>• Neonatal surgeries</li> <li>• Minimal invasive surgeries</li> <li>• Pediatric urology</li> <li>• Bronchoscopy</li> <li>• Thoracoscopy repair</li> <li>• Hepato-biliary surgeries</li> <li>• Plastic surgery</li> <li>• Cleft lip palate</li> <li>• Burns patients</li> </ul>                                                                                                                                                                                                                                          |
| Department of Pediatric                                                                   | <ul style="list-style-type: none"> <li>• Banjara Hills</li> <li>• Vikramপুরi</li> </ul>                                                                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>• Asthma</li> <li>• Difficulty in breathing</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

## Pulmonology & Allergy

- Hydernagar
- LB Nagar
- Kondapur
- Marathahalli
- Chennai
- Malviya Nagar
- Chronic cough
- Noisy breathing
- Chronic lung disease
- Lung infection
- Chronic respiratory failure
- Aspiration
- Recurring pneumonia
- Sleep apnea
- Conditions requiring special equipment for monitoring and breathing at home
- Cystic fibrosis

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*Note:* Our other pediatric departments include the Department of Child Psychology, Department of Pediatric Dentistry, Department of Pediatric Endocrinology, Department of Nutrition, Department of Pediatric Psychiatry, Head & Neck and Cochlear Implant, Department of Anesthesia and Pain Management, Department of Radiology, Department of Physiotherapy and Rehabilitation, Department of Speech and Language Therapy, Department of Occupational Therapy, Department of Pediatric Ophthalmology, Department of Pediatric Dermatology, Department of Pediatric Rheumatology, Department of Pediatric Plastic Surgery and Department of Pediatric Infectious Disease.

We place great emphasis on hiring appropriate pediatricians in order to provide quality and specialized services. Our commitment to high-quality pediatric services is fulfilled through our stringent requirements for the qualifications and clinical experience of our pediatricians. In addition, we have built up a team of skillful nurses and para-medical professionals to provide high-quality nursing and other medical services to our patients in tandem with our pediatricians. To ensure the quality of our nursing services, we recruit nurses from reputed nursing colleges with an emphasis on communication skills. We also encourage our nurses to undertake regular internal training courses to update their nursing skills and our Doctors also actively participate in training the nurses.

With our experienced pediatric doctors, skillful nursing team and para-medical professionals, as well as advanced equipment and facilities, we are able to diagnose and treat complex and sometimes rare pediatric diseases and disorders, for which we have earned recognition and a sound reputation over the past two decades. We are one of the few hospitals in India that has the capabilities and facilities to conduct a broad range of complex pediatric surgeries including pediatric orthopedics surgery, pediatric urology surgery, pediatric neurological surgery, pediatric oncological surgery, pediatric cardio-thoracic surgery, pediatric otolaryngology surgery and pediatric transplant surgery including liver and renal transplants. In the six months ended September 30, 2021 and the financial years 2021, 2020 and 2019, we handled 2,084, 4,093, 4,474 and 3,860 pediatric surgeries, respectively.

We employ advanced technologies in our diagnosis and treatment of pediatric diseases, including digital EEG assessment, genetic testing for drug allergies, pediatric color ultrasound imaging and other tests and screenings.

## *Women care*

### Obstetrics, gynecology, fetal medicine and fertility

We provide women care services at our hospitals under our “Birthright” initiative, through which we offer highly specialized maternity and perinatal care with the aim of achieving safe delivery and healthy babies. We have experienced medical professionals who monitor the various stages of pregnancy through constant observation and evaluation. We also provide care and counselling for expectant and new mothers, and immediate medical assistance in case of complicated or high-risk childbirths. For the six months ended September 30, 2021 and the financial years 2021, 2020 and 2019, we had 9,182 inpatients and 117,890 outpatients, 16,814 inpatients and 211,691 outpatients, 17,200 inpatients and 243,377 outpatients, and 14,484 inpatients and 216,772 outpatients, respectively, for our obstetrics and gynecology and related services.

With experienced doctors covering both obstetrics and gynecology, we are able to utilize the latest technologies and resources to identify and treat “high risk” conditions of the fetuses and the mothers-to-be to ensure safe pregnancies and minimization of risks due to congenital diseases and/or complications. We employ advanced technologies to monitor the mothers’ and the fetuses’ health conditions, including fetal ultrasounds, nuchal translucency screenings, non-stress tests and other tests and screenings.

We have the experience and expertise to care for and manage challenging situations that may arise before, during, and after pregnancy and childbirth, such as amniotic fluid embolism, postpartum hemorrhage, placental



abruption, placenta previa, severe pre-eclampsia and high-risk pregnancy. Our physicians, obstetricians, neonatologists and neonatal nurse practitioners are on-site 24 hours a day and seven days a week with a support team of pediatric and maternal critical care specialists to ensure immediate care to both mothers and babies when needed. Our obstetrics services also feature NICUs capable of treating premature newborns with low birth weight and with birth defects or other complications. Our conventional obstetric services include regular health assessment, laboratory tests, ultrasound examinations, physical and intelligence assessments and newborn care consultation.

We perform both natural delivery and caesarean delivery. After the baby is born, we continue to monitor the mother's and baby's health closely to ensure their smooth recovery. Our obstetric services also include ancillary services such as pelvic floor rehabilitation, postnatal care and breastfeeding support, which are beyond the traditional scope of obstetrics practice at most hospitals, to address special needs of our customers.

The following table sets forth our key women care specialties, the hospitals at which we offer such specialties, and the services and treatments provided under each specialty:

| Specialty                | Hospitals                                                                                                                                                                                                                                                                                                                  | Services and treatments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Obstetrics               | <ul style="list-style-type: none"> <li>Banjara Hills</li> <li>Vikrampur</li> <li>Hydernagar</li> <li>LB Nagar</li> <li>Kondapur</li> <li>Marathahalli</li> <li>Bannerghatta Road</li> <li>Hebbal</li> <li>Chennai</li> <li>Malviya Nagar</li> <li>Vijayawada</li> <li>Visakhapatnam</li> <li>Rosewalk</li> <li></li> </ul> | <ul style="list-style-type: none"> <li>Prenatal Care and Testing – We provide comprehensive support during pregnancy, with our team of obstetrics/gynecologists, nurses and high-risk doctors or maternal-fetal medicine specialists. We provide the entire spectrum of prenatal care, including neonatal specialty care, diagnostic testing and advanced imaging.</li> <li>NICUs – We have highly experienced neonatal nursing teams and neonatologists to provide round the clock care at the NICU if things do not go as planned.</li> <li>Labor and Delivery – Our hospital offers family-centered care, providing for safe and healthy delivery. We offer a safe environment for babies to be born.</li> </ul>                                                                                                                     |
| Gynecology               | <ul style="list-style-type: none"> <li>Banjara Hills</li> <li>Vikrampur</li> <li>Hydernagar</li> <li>LB Nagar</li> <li>Kondapur</li> <li>Marathahalli</li> <li>Bannerghatta Road</li> <li>Hebbal</li> <li>Chennai</li> <li>Malviya Nagar</li> <li>Vijayawada</li> <li>Visakhapatnam</li> <li>Rosewalk</li> </ul>           | <ul style="list-style-type: none"> <li>Ovarian cysts and polycystic ovary syndrome (PCOS)</li> <li>General gynecologic conditions and pelvic pain</li> <li>Minimal access surgery and advanced Gynecological Surgery</li> <li>Issues with the menstrual cycle</li> <li>Birth control needs</li> <li>Polyps</li> <li>Menopause and perimenopause</li> <li>Incontinence, bladder control and pelvic floor disorders</li> <li>Infertility</li> <li>Gynecologic cancers</li> <li>Heavy bleeding</li> <li>Fibroids</li> <li>Female sexual disorders</li> <li>Endometriosis</li> <li>Uterine fibroids</li> </ul>                                                                                                                                                                                                                              |
| High-Risk Pregnancy Care | <ul style="list-style-type: none"> <li>Banjara Hills</li> <li>Vikrampur</li> <li>Hydernagar</li> <li>LB Nagar</li> <li>Kondapur</li> <li>Marathahalli</li> <li>Bannerghatta Road</li> <li>Hebbal</li> <li>Chennai</li> <li>Malviya Nagar</li> <li>Vijayawada</li> </ul>                                                    | <ul style="list-style-type: none"> <li>Multidisciplinary care – We have a team of healthcare specialists including obstetricians, perinatologists, geneticists, radiologists, endocrinologists, cardiologists, and neonatologists to provide the best possible help for high-risk pregnancy cases. Our team of high-risk maternal-fetal specialists work in coordination to provide comprehensive and consistent care throughout pregnancy and delivery.</li> <li>Availability of subspecialists – We provide the services of different subspecialists if the need arises, including different types of pediatric subspecialists.</li> <li>Combined perinatal and neonatal program – In the case of high-risk pregnancies, continued care is extremely important. Whether the problem is premature labor or other challenges</li> </ul> |

|                |                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                | <ul style="list-style-type: none"> <li>• Visakhapatnam</li> <li>• Rosewalk</li> </ul>                                                                                                                                                                                                                                                       | <p>found through fetal testing, our team will work to provide immediate care. High-risk pregnancy can be complicated and therefore, we provide comprehensive care to ensure that nothing goes wrong during the pregnancy as well as after the birth of the baby.</p> <ul style="list-style-type: none"> <li>• Treatment of medical complications including heart disease, lupus during pregnancy, infectious diseases, kidney or gastrointestinal disease, diabetes or other endocrine disorders, preeclampsia (toxemia), high blood pressure, suspected fetal growth restriction (baby not growing enough), recurrent pregnancy loss, premature rupture of membranes, recurrent preterm labor and delivery, expected twins, triplets or more, and abnormal AFP (alpha fetoprotein) blood test.</li> <li>• Complex obstetric surgery</li> </ul>                                                                                                                                                                                  |
| Fetal Medicine | <ul style="list-style-type: none"> <li>• Banjara Hills</li> <li>• Vikramপুরi</li> <li>• Hydernagar</li> <li>• LB Nagar</li> <li>• Kondapur</li> <li>• Marathahalli</li> <li>• Bannerghatta Road</li> <li>• Hebbal</li> <li>• Chennai</li> <li>• Malviya Nagar</li> <li>• Vijayawada</li> <li>• Visakhapatnam</li> <li>• Rosewalk</li> </ul> | <ul style="list-style-type: none"> <li>• Screening for chromosome abnormalities in pregnancy – We offer (i) sequential screening for the risk of chromosome abnormalities such as Trisomy 18 and Down syndrome, which is conducted using a combination of blood tests and ultrasound, and (ii) non-invasive prenatal testing for the risk of chromosome abnormalities, which is conducted by evaluating the baby's DNA found in the blood of the mother.</li> <li>• Prenatal testing and diagnosis – We provide advanced prenatal screening and diagnostic testing. Over 300 disorders can be detected in unborn infants. Some common disorders include Down syndrome, Tay-Sachs disease, Sickle cell disease, cystic fibrosis, spina bifida, fragile X syndrome (a common cause of mental retardation) and heart defects.</li> <li>• We offer fetal therapy in the form of intra-uterine transfusions, laser interstitial ablations, radio-frequency ablations and ex-utero intrapartum treatment (EXIT) procedures.</li> </ul> |

In addition to the above, we also offer childbirth preparation classes, breastfeeding support services, urogynecology treatment, breast care services, menopausal treatment, nutritional counseling and diabetology services.

### Fertility care services

We also have a team of highly-trained medical professionals with vast experience in fertility care. We aim to provide a holistic and personalized approach at every stage of the patient's fertility treatment. We begin our fertility care services by providing a comprehensive range of investigations and consultation services to couples to enable a thorough assessment of the problem and to devise an optimal treatment plan. This includes conducting a basic evaluation of the couple, complete range of hormonal assays, advanced pelvic ultrasound, sono-hysteroscopy, semen analysis and sperm chromatin structure assay.

We also provide assessment and evaluation of several infertility problems such as ovulatory dysfunction, polycystic ovary syndrome, premature ovarian failure, male infertility problems, endocrinology and genetic conditions.

Some of the key fertility treatments we offer include the following:

- Intrauterine insemination (“**IUI**”) – IUI, also known as artificial insemination, is a safe in-office procedure and is most used when the cause for infertility cannot be determined. IUI is also helpful in situations when the sperm cannot enter the uterus through the vagina because of scarring in the woman's cervix or if the cervix is abnormally shaped, thus preventing sperm passage. IUI treatment can be used in third-party reproduction processes as well and for male fertility issues. This treatment is suitable for couples with decreased sperm motility parameters, borderline sperm count, ejaculatory dysfunction, ovulation induction with gonadotropins, donor sperm, or unexplained infertility. We usually perform the IUI process by tracking the ovulation time to ensure maximum sperm flow to the fallopian tubes to increase the chances of conception.

- In vitro fertilization (“**IVF**”) – Our doctors provide complete support through every step of the IVF process, which involves the following key steps:
  - (1) Follicular development: We administer injectable hormones for stimulating the production of healthy and mature eggs by the follicles in the ovaries for a period of 10 to 20 days. To ensure appropriate medical treatment, we perform ultrasound and blood tests in the follow-up every three to four days. Development of eggs takes place in the follicles and once they reach the appropriate size, the patient will receive a different hormone for completing egg maturation.
  - (2) Retrieval of egg: We can perform egg retrieval on an outpatient basis, and the patient will be lightly sedated during the process. The follicle is aspirated under the guidance of ultrasound to check for mature eggs. The fluid is examined under a microscope to determine if there are enough eggs to proceed with the procedure.
  - (3) Preparation of sperm and fertilization of the egg: Fertilization can be done once the eggs are collected and a semen sample is collected from the male partner or donor. The sperm is processed before it can fertilize the egg. If the semen is normal and healthy, fertilization is carried out. It is conventionally done by mixing the egg and sperm in a plastic dish with the help of a special culture medium.
  - (4) Embryo transfer: Transfer of the embryo can be done once the eggs have successfully fertilized and the embryo has developed. A fine catheter is passed through the cervix for depositing embryos into the uterus. We usually use an ultrasound for monitoring the procedure. Transfer of the embryo usually takes place five to six days following insemination. Factors like the quality of the embryo and age of the patient come into play to determine the number of embryos that has to be transferred.
  - (5) Testing for pregnancy: Around two weeks after the embryo is transferred, we perform pregnancy tests through urine and blood testing. Our doctors will keep monitoring in the early stages of IVF pregnancy until the fetus shows signs of a heartbeat. The first week of testing involves a blood pregnancy test every two to three days, with weekly ultrasounds thereafter until the detection of a heartbeat.
- Intracytoplasmic sperm injection (“**ICSI**”) – ICSI is similar to traditional IVF in that sperm and eggs are collected from both partners, but differs in the way through which fertilization is achieved. We have expert embryologists who use special equipment to perform ICSI, which involves picking up a sperm with the help of a fine glass needle and directly injecting it into each egg. The ICSI fertility treatment technique essentially assists penetration of the egg by the sperm. There is no guarantee of fertilization taking place with ICSI treatment. This is because certain cellular events still need to take place for fertilization after the sperm is placed in the egg. The treatment cycle of ICSI is the same as that of conventional IVF, from the perspective of the patient, and involves ovary stimulation for encouraging the development and maturation of eggs, egg retrieval, egg fertilization and embryo culture, and embryo transfer to the womb of the woman.
- Intracytoplasmic morphologically selected sperm injection (“**IMSI**”) – For couples who have had multiple failures with IVF, a range of techniques has been developed over the years that can assist with the process. One major such innovation is IMSI, which can be used in cases of severe male factor infertility or when previous attempts of ICSI do not result in fertilization of eggs. The IMSI process involves the following key steps:
  - (1) Sperm morphology: The sperm sample is obtained and selected using a much more powerful microscope than the one used with ICSI.
  - (2) Selection from the sample: With the help of a powerful microscope, our specialists can better access the sperm morphology, allowing them to discard the ones with morphological alterations.
  - (3) Intracytoplasmic injection: The sperm selected through IMSI is then inserted into the eggs with the help of an intracytoplasmic injection. When the embryo is fertilized, it is inserted into the uterus with the help of a thin catheter.

Other fertility services we provide include (i) ovulation induction, a hormonal therapy used to stimulate the development and release of eggs for women with irregular menstrual cycles, (ii) cryopreservation, which allows embryos to be preserved for a considerably long period by cooling and storing at low temperatures, (iii) surgical sperm retrieval, (iv) reproductive surgery, where surgery may be necessary to restore or maintain reproductive function, and (v) male fertility and andrology services, including diagnostic testing for reproductive health in men. We also have sperm, oocyte and embryo donation programs, which provide an alternative treatment option for couples that do not wish to undergo, or do not achieve successful results from, our other fertility treatments.

#### ***Payment arrangements with our Patients/Customers***

We classify our patients as (i) cash customers who pay for themselves (ii) credit customers wherein the payment is made by either a) third party administrators b) insurance companies c) corporates d) government scheme arrangements. In the case of credit customers, we have arrangements with the payees through negotiated tariffs. These arrangements are generally revised annually/bi-annually depending upon the terms of the original arrangements. In case of credit customers covered under insurance schemes there may be a co-payment clause whereby the customer is required to pay a portion of the invoice directly to the hospital and the balance will be paid by the insurance companies.

#### ***Supplies and Procurement***

Purchase of medical consumables and pharmacy items represents one of our most significant expenses and is procured from third-party institutions. For the six months ended September 30, 2021 and 2020 and the financial years 2021, 2020 and 2019, our expenses relating to medical consumables and pharmacy items consumed amounted to ₹1,228.84 million, ₹485.94 million, ₹1,032.62 million, ₹1,053.14 million and ₹802.13 million, respectively, representing 29.95%, 17.14%, 17.08%, 16.55% and 16.25% of our total expenses, respectively.

We have a centralized purchase department which undertakes purchase of medical consumables, pharmaceuticals and medical equipment. We follow a standardized model for procurement of medical consumables and pharmaceuticals across our hospitals. Our suppliers are selected by our purchase committee based on reputation, track record, quality, price, service levels and delivery capability. We strive to leverage our large volume of purchases to negotiate better prices and terms. In the six months ended September 30, 2021 and 2020 and the financial years 2021, 2020 and 2019, purchases attributable to our five largest suppliers accounted for ₹825.84 million or 63.98%, ₹137.96 million or 31.66%, ₹288.49 million or 29.62%, ₹287.86 million or 25.19% and ₹176.67 million or 21.75%, respectively, of our total purchases of pharmaceuticals and medical consumables. The purchases for the six months ended September 30, 2021 include COVID-19 vaccination purchases, which amounted to ₹738.31 million or 57.20% of our total purchases of pharmaceuticals and medical consumables for such period. Excluding COVID-19 vaccination purchases, our five largest suppliers for the six months ended September 30, 2021 accounted for ₹181.36 million or 32.82% of our total purchases of pharmaceuticals and medical consumables.

While we purchase most medical equipment, certain laboratory equipment is provided to us on the reagent rental model which is common in the healthcare industry. Under this model, the vendor installs and maintains the laboratory equipment installed in our facilities throughout the tenure of the arrangement at the vendor's cost and in return we are required to purchase a certain quantity of reagents from the vendor.

We have entered into service contracts with various third-party contractors for collecting and testing medical samples and other clinical laboratory services. We have also entered into maintenance and service contracts for most of our medical equipment for the maintenance of medical and laboratory equipment, which cover, among others, regular inspection and maintenance of such equipment.

#### ***Marketing, Branding and Business Promotion***

Our marketing department is focused on communicating through various channels our positioning and key differentiators. The marketing and branding teams are increasingly utilizing digital channels to disseminate essential information.

Our marketing team engages multiple advertising agencies including social media agencies to run campaigns to promote the Rainbow brand, its hospitals, offerings, and key differentiators. The campaigns are undertaken through radio, television, newspapers as well as digital media including social media. We create awareness about the unique clinical outcomes and also present testimonials of patients who have been treated at our

hospitals.

We also have a dedicated international marketing team that engages with foreign medical professionals, insurance companies and hospitals to promote our tertiary and quaternary capabilities.

### **Medical Education Programs**

We provide various postgraduate training programs, including DNB and post-doctoral fellowship programs recognized by Government of India. Through these programs, we aim to provide hands-on experience for these doctors. As of September 30, 2021, we had 218 doctors in our DNB and post-doctoral fellowship programs. Some of our key programs include our DNB – Pediatrics, neonatology, pediatric intensive care, DNB – Obstetrics & Gynaecology and FNB – Pediatric Hemato-oncology and Gastroenterology. We also provide post-doctoral fellowship programs for IAP & NNF in neonatology, pediatric critical care and pediatric neurology.

We host, participate in and present papers in various continuing medical awareness programs and also conduct neonatal advanced pediatrics education program for the medical fraternity at our outreach clinics in Tier 2 cities. In addition, through our Rainbow Pediatric Journal, we publish peer-reviewed publications including on research, protocols and interesting medical cases. Through this platform, we seek to provide medical professionals the ability to share current state-of-the-art knowledge for managing a wide range of pediatric illnesses and gynecology problems. We allow free public access to the contents of our Rainbow Pediatric Journal.

Our doctors across all hospitals engage in internal and external continuous medical education programs. Through these programs, our medical professionals are able to discuss relevant medical experiences with their fellow colleagues. Our nurses are trained by our doctors at regular intervals.

### **Employees and Doctors**

As of September 30, 2021, we had 3,496 employees. The following table sets forth a breakdown of our permanent employees by function as of September 30, 2021.

| <b>Function</b>                        | <b>As of September 30, 2021</b> |
|----------------------------------------|---------------------------------|
| Full-time doctors <sup>(1)</sup> ..... | 602                             |
| Nurses .....                           | 1,370                           |
| Management .....                       | 26                              |
| Sales and Marketing .....              | 86                              |
| Administrative Personnel.....          | 156                             |
| Other Support .....                    | 1,256                           |
| <b>Total</b> .....                     | <b>3,496</b>                    |

Note:

- (1) Includes residents and DNBs. Our full-time doctors and residents are not under employment contracts but under professional service contracts, and DNBs are students that receive stipends.

We strive to maintain good relationships with our employees. Our employees are not represented by a labor union. All labor disputes are handled in accordance with applicable laws, rules and regulations. We have not experienced any material strikes or labor disputes in the past.

### **Recruitment and development**

We seek to recruit highly skilled, experienced and motivated healthcare professionals. We are committed to ensuring that the recruitment and selection of employees is undertaken in an efficient manner. We consider a wide range of criteria, including job requirements, skill mix, educational qualification and experience, while short listing candidates for interviews.

We believe that training of our employees, doctors and other medical staff is essential for maintaining the high quality of our services. To ensure the quality of our nursing services, we recruit from reputed nursing colleges and emphasize on communication skills. We regularly organize conferences and workshops for our doctors and medical staff, as well as for healthcare professionals outside our hospital network and training program for our employees to enhance their soft-skills and patient centric approach.

### *Employee compensation*

Our compensation structure comprises a monthly salary, performance based variable compensation and annual statutory bonus, and remuneration is finalized based on market trends and our compensation structure. Most of our employees serve on a full-time employment contract. We also gather feedback from exit interviews, which provide valuable insights into how to improve the recruitment process, work environment, induction and retention of new employees. We are in compliance with all employee-related statutory regulations. We have a formal appraisal system wherein each employee is evaluated based on the goal set at the beginning of the financial year. We have been awarded as “Great Place to Work” by the GPTW organization for two successive years in 2020 and 2021.

### ***IT Infrastructure and Digital Roadmap***

We have developed a detailed digital strategy with the goal of enabling us to provide customized healthcare services for our target customers as well as to digitize processes to significantly improve the in-hospital customer experience. As we operate in children’s and women’s care, our customers include young independent professionals who are technology savvy, and we believe we have a unique opportunity to build a deep lasting relationship with such customers spanning from conception to adolescence through digital initiatives. We aim to establish a robust customer facing digital architecture which will provide customers with instant access to our services as well as seamless patient experience enhanced by digital technologies and AI-enabled clinical and information support.

Our “Rainbow Children’s Hospital” mobile application is one of the core pillars of our digital strategy. The application enables patients to, among other things, book appointments, make payments, order drugs for home delivery, download investigation reports and receive alerts on essential services. We are in the process of implementing an AI-enabled content management engine to support the application, which will be able to process large amounts of patient data to provide us with insight into patient needs. We have also launched an AI-powered “Chatbot” tool that allows our patients to easily engage with us on our website and via WhatsApp.

In the period from April 1, 2020 to March 31, 2021, driven in part by the movement restrictions arising out of the COVID-19 pandemic, we conducted over 125,000 outpatient video consultations through our video consultation platform. We seek to ensure that we have at least 50 senior consultants available for pediatric and obstetrics and gynecology video consultation services at any point in time. We also have a mobile application exclusively for our doctors, which enables them to easily access all patient data and order services from their mobile phones and tabs. Our outpatient departments are already digitally enabled and the majority of our consultants routinely use our outpatient electronic medical records (“**EMR**”) platform.

Our hospital information system (“**HIS**”) is a standardized core management system supporting all our hospitals that enables us to easily integrate information at newly established hospitals, see also “– *Data Management Systems*” on page 199. We are in the process of revamping our core enterprise systems into a single core digital system that will enable seamless connectivity and interface between our back-end applications, including our HIS and human resources management system, and our front end-patient-centric applications, including our website, mobile applications for patients and doctors, and call centers. Through our planned technology upgrades, we aim to expand our service capabilities to include bedside EMRs, virtual ICU management services for third-party hospitals, and at-home healthcare services including vaccinations, consultations, and drug delivery.

We have implemented 25 automated processes to automate manual functions such as daily and monthly MIS reporting, vendor payments and procurement ordering, which we believe have resulted in a substantial improvement in process efficiency and reduction in human intervention. We intend to continue investing in and implementing the infrastructure and technology, including RPA and AI tools, necessary to perform more technology-enabled operating procedures in our hospitals and that will enable our doctors and nurses to provide healthcare with greater efficiency. For example, we have commissioned the development of a strategic and operational data warehouse which, through the use of data analytics and AI technologies, will enhance our decision-making processes across our business.

### ***Data Management Systems***

Our patient records are maintained in electronic form on our integrated HIS system, which is deployed on the cloud and allows patients records to be quickly and securely transmitted across our network hospitals, and to offsite locations as needed for quick diagnoses and treatment. We have internal rules requiring our employees to

maintain the confidentiality of our clients' medical information.

We use third-party software systems, including Adrenalin and SAP, to assist us with various functions including human resources, financial accounting management, stock management and sales. We monitor and coordinate procurement, stocking, billing, housekeeping, staffing and patient treatments through our integrated IT system. Our integrated IT system simplifies scheduling and billing for our patients and doctors, improves our inventory management and results in efficiencies across our operations.

We have a firewall system from a reputable provider to protect our patient records, servers and data networks. Each data end point is protected with a kernel level security layer, which provides additional security at the last point in the IT infrastructure. No external or unauthorized access to data in our network is allowed. Only authorized personnel can physically access the data center, which is monitored 24/7 with CCTV cameras. Authorization of access is granted only through our approval process. When anyone needs access to the data center or the servers, an email request/approval mechanism is in place for record purposes. Further, all data on our servers are periodically backed up to prevent loss of data, and we properly store our backup data at an offsite location to be used in case of any disasters.

### **Competition**

We face competition from a large number of public hospitals, private hospitals, health clinics and neighborhood pediatricians located in the same geographies in which we operate, and which also offer secondary and tertiary healthcare services across child care, women care and fertility care specialties. In addition, some of the hospitals that we compete with are owned by Government agencies or non-profit entities, and are supported by endowments and charitable contributions.

We believe that we have been able to compete effectively due to our extensive range of specialty services, commitment to clinical excellence, differentiated hub and spoke model, integrated child and women care services, investment in advanced technology, innovation, brand value, emphasis on professional development and training, strong relationships with doctors and other medical professionals, and an experienced and professional management team with domain expertise and long-term execution track record. We also believe that we benefit from a relative lack of competition in India in the high-end specialized pediatric segment.

### **Intellectual Property**

We have registered trademarks for our corporate logo "Rainbow Children's Hospital", "Rosewalk", "Rainbow Hospital for Women and Children", "Birthright by Rainbow", "Cradle & Kangaroo", "Kangaroo Cradles", "Cradles & Cots", "Birthtimes" and "Rainbow Children's Hospital It takes a lot treat the little". Our word marks "Rainbow", "Rainbow Hospitals" and "Rainbow Cradle" are registered with the Registrar of Trademarks. We have also applied for the registration of "Birthright by Rainbow Hospital".

### **Insurance**

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include including, among other, group-term life insurance, group mediclaim insurance, group personal accident policy, money insurance, standard fire and special perils insurance, errors and omissions insurance, burglary first loss insurance, public liability, management liability (directors' and officers' liability) insurance, fire loss of profit policy, employee compensation insurance, professional indemnity insurance, electronic equipment insurance, contractors all risk policy and workmen's compensation. Our policies are subject to customary exclusions and deductibles. See also "*Risk Factors – Internal Risk Factors – Risks Related to our Business – Our insurance coverage may not adequately protect us and this may have an adverse effect on our business and revenues.*" on page 49.

### **Risk Management and Internal Controls**

Our risk management systems are designed to ensure compliance with legal requirements, industry standards and our internal requirements across all aspects of our business and operations. We have an internal audit and concurrent audit department. Concurrent audit team focusses on transaction audits and presents their report to the management. Internal audits focus on internal business processes and the internal audit plan is approved by the Audit Committee and the Board of Directors. Internal audit reports are presented to the Board of Directors quarterly after assessing compliance with legal and industry requirements from an occupational health and safety, environmental, service quality, and human capital perspective. The quality management processes have a positive impact on employees and patients by improving management processes and patients' hospital

experience, their health and safety and clinical outcomes.

We have a risk management system aimed at identifying, analyzing, assessing, mitigating, and monitoring risk or potential threats to achieving our strategic and business objectives covering various aspects of our business, including operations, legal, treasury, regulatory, strategic and financial. We have adopted various policies like risk management policy, whistle-blower policy (vigil mechanism) and anti-bribery and sanctions compliance policy to ensure compliance with legal requirements, industry standards and our internal requirements across all aspects of our business and operations. It is our management's responsibility to ensure the implementation of major recommendations as agreed with the auditors. We are also subjected to periodic audit and inspections by external regulatory agencies for the renewal of licenses, permits, and accreditations from bodies such as JCI, NABH, and NABL.

We have an established internal control system to optimize the use and protection of assets, facilitate accurate and timely compilation of financial statements and management reports, and ensure compliance with statutory laws, regulations and company policies. We have also put in place an extensive budgetary and other control review mechanisms pursuant to which the management regularly reviews actual performance with reference to the budgets and forecasts.

#### *Quality Control*

We are diligent in complying with the numerous rules and regulations that regulate the qualifications and conduct of medical professionals and standards for healthcare services. We are committed to complying with relevant rules and regulations in the prevention and reduction of various risks and hazards associated with our operations. Five of our hospitals are NABH-accredited where NABH conducts surveillance audits annually to ensure quality of the processes followed by the hospital. In addition, one of our hospitals has undergone reassessment and is pending renewal of its NABH accreditation and one of our hospitals is awaiting reassessment.

Additionally, our medical institutions are subject to unscheduled inspections by relevant government authorities, including the local municipal health bureaus, which review healthcare services provided by us, inspect the implementation of the relevant rules and procedures, and determine areas that can be further improved. As of September 30, 2021, none of our medical institutions had been found to be in any material violations during the inspections conducted by governmental authorities.

#### *Complaints and Disputes Handling*

We carefully consider customer feedback and complaints, and endeavor to respond to them quickly and in a systematic manner. We have uniform procedures for handling disputes and accidents implemented at each of our medical institutions. When we receive any complaints raised by our customers or their families, our customer service officers will step in to deal with the complaints in the first instance. If a complaint is non-medical related, our customer service officer generally will resolve such complaint directly. If a complaint is medical-related, the customer service officer will work with the doctor or nurse in charge to respond to the complaint and offer an explanation to comfort the customer. The complaint will then be reported to the clinical director of the hospital and later to the group medical director. The customer service officers will take the lead in investigating, obtaining evidence and analyzing the complaints, and try to solve the disputes amicably with the customers on behalf of the hospitals, with the support from the doctor or nurse in charge.

Our customer service officers maintain detailed records of the complaints and disputes and report all complaints and incidents to the group medical director. For any material incidents which have caused or may cause injury, death or any serious adverse reputational consequences, the attending doctors and the clinical director of the hospital shall immediately report the incidents to the group medical director.

#### *Corporate Social Responsibility*

We have adopted a corporate social responsibility ("CSR") policy in compliance with the requirements of the Companies Act, 2013. For the financial years 2021, 2020 and 2019, our CSR expenditures amounted to ₹15.70 million, ₹6.77 million and ₹3.37 million, respectively. Our CSR activities are monitored by the CSR Committee of our Board and is responsible for monitoring and executing our CSR activities.

Our CSR activities are primarily focused on objectives relating to positive impact on education, sports, skill development for women and covid relief.



### ***Health, Safety and Environmental***

We are subject to extensive health, safety and environmental laws, regulations and government-prescribed operating procedures and environmental technical guidelines which govern our services, processes and facilities. See “*Key Regulations and Policies*” on page 203. In compliance with these requirements, we have adopted certain policies to address, among others, the generation, handling, storage, transportation, treatment and disposal of toxic or hazardous bio-medical materials and waste, waste water discharges and workplace conditions.

### ***Environmental, Social and Governance Initiatives***

We have adopted an ESG policy, which has as its aims, inter alia, prevention of pollution, minimizing waste, reducing water consumption, and effective monitoring for identifying health and safety hazards to prevent accidents and injuries. Our hospitals at Marathahalli (Bengaluru), Chennai and Hyderabad have received the EDGE – Green Building certification for their design and operational efficiency. We also seek to reduce greenhouse gas emissions by measures such as energy saving and energy production through solar power panels at some of our hospitals. We have also taken measures towards water conservation, such as rainwater harvesting and recycling of water. Further, we have installed a hybrid sewage treatment plant at one of our hospitals.

### ***Properties***

Our registered office is located at 8-2-120/103/1, Survey No. 403 Road No. 2, Banjara Hills Hyderabad – 500 034, Telangana and our corporate office is located at 8-2-19/1/A, Daulet Arcade, Road No. 11, Banjara Hills, Hyderabad – 500 034, Telangana, both of which are held by us on a leasehold basis. As of September 30, 2021, most of the buildings for our hospitals are leased under long-term leases ranging from 5 to 20 years.

The following table sets forth certain information on the key properties owned/leased by us:

| <b>Office/Hospital</b>                                            | <b>Location</b>          | <b>Owned/leased</b> | <b>Lease term</b> |
|-------------------------------------------------------------------|--------------------------|---------------------|-------------------|
| Corporate Office                                                  | Banjara Hills, Hyderabad | Leased              | 5 years           |
| Registered Office and Rainbow Children's Hospital – Banjara Hills | Banjara Hills, Hyderabad | Leased              | 20 years          |
| Rainbow Children's Heart Institute                                | Hyderabad                | Leased              | 10 years          |
| Rainbow Children's Hospital – Vikramপুরi                          | Hyderabad                | Leased              | 20 years          |
| Rainbow Children's Hospital – Kondapur IP                         | Hyderabad                | Leased              | 18 years          |
| Rainbow Children's Clinics – Kondapur OP                          | Hyderabad                | Leased              | 13.5 years        |
| Rainbow Children's Hospital – Hydernagar                          | Hyderabad                | Leased              | 15 years          |
| Rainbow Children's Hospital – LB Nagar                            | Hyderabad                | Leased              | 20 years          |
| Rainbow Children's Hospital – Vijayawada                          | Vijayawada               | Leased              | 20 years          |
| Rainbow Children's Clinics – Vijayawada                           | Vijayawada               | Leased              | 10 years          |
| Rainbow Children's Hospitals – Visakhapatnam                      | Visakhapatnam            | Owned               | N.A               |
| Rainbow Children's Clinics – Visakhapatnam                        | Visakhapatnam            | Leased              | 10 years          |
| Rainbow Children's Hospital – Marathahalli                        | Bengaluru                | Leased              | 20 years          |
| Rainbow Children's Hospital – Bannerghatta Road                   | Bengaluru                | Leased              | 20 years          |
| Rainbow Children's Hospital – Hebbal                              | Bengaluru                | Leased              | 20 years          |
| Rosewalk Luxury Hospital – Delhi                                  | New Delhi                | Leased              | 9 years           |
| Rainbow Children's Hospital – Chennai                             | Chennai                  | Leased              | 20 years          |

## KEY REGULATIONS AND POLICIES

*The following is an overview of certain sector specific laws and regulations in India which are applicable to the business and operations of our Company and our Subsidiaries. The information in this section has been obtained from publications available in public domain. The rules and regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

*The information detailed in this chapter, is based on the current provisions of Indian law and the judicial, regulatory and administrative interpretations thereof, which are subject to changes, amendments or modifications by subsequent legislative actions, regulatory, administrative, quasi-judicial or judicial decisions.*

*Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations. For details of government approvals obtained, see “Government and Other Approvals” on page 376. For details, see “Risk Factors – External Risks- Changing laws, rules and regulations and legal uncertainties, including adverse application or interpretation of corporate and tax laws, may adversely affect our business, prospects and results of operations” on page 58.*

### **Industry-specific legislations applicable to our Company**

#### ***The Clinical Establishments (Registration & Regulation) Act, 2010 (“Clinical Establishments Act”) and the Clinical Establishments (Central Government) Rules 2012 (“CECG Rules”) and allied state legislations***

The Clinical Establishments Act, *inter alia*, regulates all clinical establishments in India, and prescribes certain minimum standards for facilities and services provided by such clinical establishments. In terms of the Clinical Establishments Act, a ‘clinical establishment’ means, among other things, a hospital, maternity home, nursing home, dispensary, clinic, sanatorium or an institution by whatever name called that offers services requiring diagnosis, treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicine established and administered or maintained by any person or body of persons, whether incorporated or not. Every clinical establishment is required to obtain a certificate of provisional registration and thereafter, upon fulfilment of prescribed standards, a certificate of permanent registration from the district registering authority. Further, the council established at the national and state levels under the Clinical Establishments Act is, *inter alia*, required to maintain registers and periodically review the minimum standards to be followed by the clinical establishments. All our hospitals are registered with the required State Clinical Establishment Act.

The CECG Rules, *inter alia*, provide conditions for registration and continuation of clinical establishments. In terms of the CECG Rules, clinical establishments are required to charge rates for each type of procedures and services within the range of rates determined by the Central Government in consultation with the state governments and display such rates for the benefit of the patients at a conspicuous place in a local language as well as in English. Clinical establishments are required to maintain electronic records of patients and statistics, in accordance with the CECG Rules. The Ministry of Health and Family Welfare vide its notification dated May 18, 2018 amended the CECG Rules and introduced minimum standards for medical diagnostic laboratories (or pathological laboratories). It stipulates that each clinical establishment undertaking diagnosis or treatment of diseases, pathological, bacteriological, genetic, radiological, chemical, biological investigations, other diagnostic or investigative services are carried on with the aid of laboratory or other medical equipment, to comply with the minimum standards of facilities and services.

#### ***The Pre-Conception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection) Act, 1994 (“PCNDT Act”) and the Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994 (“PNDT Act”) and the rules thereunder***

The PCNDT Act and PNDT Act prohibit sex selection, before or after conception, regulate the use of pre-natal diagnostic techniques by restricting their usage for the purposes of detecting genetic or metabolic disorders or chromosomal abnormalities or certain congenital malformations or sex-linked disorders and seek to prevent the misuse of such techniques for the purposes of pre-natal sex determination leading to female infanticide. The PCNDT Act and PNDT Act mandate all genetic counselling centres, genetic clinics and genetic laboratories carrying out pre-natal diagnostic techniques, to register with the appropriate authority, failing which penal actions may be taken against them. Hospitals providing pre-natal diagnostic facilities fall within

the purview of the PNDT Act. Further, the PCNDT Act and the PNDT Act prohibit advertisements relating to pre-conception and pre-natal determination of sex and any violation is punishable with fine and imprisonment.

***The Medical Termination of Pregnancy Act, 1971 (“MTP Act”) and the Medical Termination of Pregnancy Rules, 2003***

The MTP Act regulates the termination of pregnancies by registered medical practitioners by using medical or surgical methods and permits such termination of pregnancies only on specific grounds. It stipulates that medical terminations of pregnancies can be carried out only in certain stipulated circumstances by a registered medical practitioner who has the necessary qualification, training and experience in performing such terminations and only at a place equipped with facilities that meet the prescribed standards issued under the MTP Act and if such place is approved for the purpose. Further, in March 2021, the Medical Termination of Pregnancy (Amendment) Act, 2021 was introduced, which, *inter alia*, expands the scope of circumstances under which a registered medical practitioner can terminate pregnancies and imposes an obligation on the medical practitioners to protect the privacy of women undergoing the stipulated treatment.

Under the Medical Termination of Pregnancy Rules, 2003 framed pursuant to the MTP Act, private clinics and hospitals can receive approval for such procedure only if the government is satisfied that termination of pregnancies will be done under safe and hygienic conditions, and such clinic or hospital has the requisite infrastructure and instruments in place.

***The Transplantation of Human Organs and Tissues Act, 1994 (“Transplantation Act”) and the Transplantation of Human Organs and Tissues Rules, 2014 (“Transplantation Rules”)***

The Transplantation Act and the Transplantation Rules have been enacted to regulate the removal, storage, and transplantation of human organs and tissues for therapeutic purposes, and for the prevention of commercial dealings in human organs and tissues. The Transplantation Act, *inter alia*, deals with the process for transplantation of human organs and tissues from living donors and cadavers to some other living person for therapeutic purposes, and provides for the roles and responsibilities of regulatory and advisory bodies constituted for monitoring tissue and organ transplantation in India. The Transplantation Act prohibits the removal of any human organ except in situations provided therein. No hospital can provide services relating to the removal, storage or transplantation of any human organ or tissue or both for therapeutic purposes unless such hospital is duly registered under the Transplantation Act.

***The Registration of Births and Deaths Act, 1969 (“RBD Act”)***

Under the RBD Act, the medical officer of a hospital is required to notify births and deaths occurring in the hospital to the relevant registrar appointed thereunder. Further, with respect to deaths where the relevant State Government has required that a certificate as to the cause of death be obtained, in the event of the death of any person who, during his last illness, was attended by medical practitioner, the medical practitioner shall, after the death of that person, issue without charging any fee, a certificate in the prescribed form stating to the best of his knowledge and belief the cause of death, and such certificate shall be received and delivered by such person to the registrar at the time of giving information concerning the death as required.

***The Atomic Energy Act, 1962 (“AE Act”)***

The AE Act aims to ensure safe disposal of radioactive waste and secure public safety, including that of persons handling radioactive substances. The AE Act empowers the Government of India (“GoI”) to, prohibit the manufacture, possession, use, and transfer, export and import, transport and disposal, of any radioactive substances without its written consent and requires any person to make periodical returns or other such statements as regards any prescribed substance in a person’s possession or control that can be a source of atomic energy. Violations of certain provisions of the AE Act are punishable with a fine or imprisonment, or both. Further, the GoI, in order to prevent radiation hazards, secure public safety and safety of persons handling radioactive substances or radiation generating plants, is empowered to ensure safe disposal of radioactive wastes at such premises.

***The Atomic Energy (Radiation Protection) Rules, 2004 (“Radiation Rules”)***

The Radiation Rules require that no person shall, without a license issued by the AERB, establish a radiation installation for siting, design, construction, commissioning or operation. The Radiation Rules also require a

license for a person to handle radioactive material or operate a radiation generating equipment. A registration will be required under the Radiation Rules for sources and practices associated with medical diagnostic x-ray equipment including therapy simulator and analytical x-ray equipment used for research.

***The Atomic Energy (Safe Disposal of Radioactive Wastes) Rules, 1987 (“Radioactive Waste Rules”)***

Under the Radioactive Waste Rules, an authorization is necessary for any person to dispose of radioactive waste, and the waste may only be disposed of in the terms of such authorization. Further, records are required to be maintained of all disposals and handling of radioactive waste and the persons carrying it out.

***The Radiation Surveillance Procedure for Medical Application of Radiation, 1989 (“Surveillance Procedures”)***

The Surveillance Procedures seek to ensure that procedures and operations involving radiation installations, radiation equipment and radioactive materials are performed in conjunction with a pre-planned surveillance programme approved by the competent authority to ensure adequate protection. Any person desirous of handling any radioactive material or radiation equipment is required to obtain prior permission in the form of either a license or an authorization from the competent authority. The Surveillance Procedures prescribe the working conditions that are to be ensured at every medical radiation installation and provide safety guidelines regarding, *inter alia*, design safety of equipment, planning of radiation instalments, commissioning of radiation equipment or installations and isolation and disposal of radioactive effluents or damaged radioactive material.

***The Safety Code for Medical Diagnostic X-Ray Equipment and Installations, 2001 (the “X-Ray Safety Code”)***

The X-Ray Safety Code, issued by the AERB, governs radiation safety in design, installation and operation of X-ray generating equipment for medical diagnostic purposes. The X-Ray Safety Code stipulates that all medical X-ray machines are required to be operated in accordance with the requirements stipulated therein and that it is the responsibility of the owner or user of medical X-ray installation equipment to ensure compliance with the stipulated provisions. The X-Ray Safety Code mandates that only the medical X-ray machines approved by the AERB can be installed for use in compliance with the specific requirements of the X-Ray Safety Code, including in relation to location and layout.

***The Safety Code for Nuclear Medicine Facilities, 2011 (“Nuclear Medicine Facilities Code”)***

The Nuclear Medicine Facilities Code, issued by the AERB, governs the operations of a nuclear medicine facility from the setting up of such facility to its decommissioning. Nuclear medicine utilizes radiopharmaceuticals to investigate disorders of anatomy, physiology and patho-physiology, for diagnosis or treatment of diseases or both. The Nuclear Medicine Facilities Code stipulates that a nuclear medicine facility can be commissioned, decommissioned or re-commissioned only with the prior approval of the AERB. The Nuclear Medicine Facilities Code further stipulates that radioactive material can only be procured after obtaining a license from the AERB. In addition to this, the Nuclear Medicines Facilities Code stipulates the responsibilities of employers, licensees, nuclear medicine physicians and technologists.

***The National Medical Commission Act, 2019 (“NMC Act”)***

The NMC Act, 2019 provides for, among others, a medical education system that improves access to quality and affordable medical education, ensures availability of adequate and high quality medical professionals, encourages medical professionals to adopt latest medical research and enforces high ethical standards in medical services. The National Medical Commission, constituted under the NMC Act, is entrusted with the exercise of powers and functions under the NMC Act, including prescribing policies for quality medical education and for regulating medical institutions and professionals, and assessing healthcare requirements and developing a road map to meet such requirements. No person other than a person who is enrolled in the state or national medical register shall be allowed to practice medicine as a qualified medical practitioner and doing so is punishable with a fine or imprisonment or both.

***The Indian Nursing Council Act, 1947 (“Nursing Act”)***

Under the Nursing Act, nurses, midwives or health visitors are required to hold recognized qualifications (as prescribed in the Nursing Act) for enrolment in the state register. Further, each state is entitled to establish a

state council to regulate the registration of nurses, midwives or health visitors in the relevant state. The Nursing Act also empowers the executive committee of the Indian Nursing Council, constituted under the Nursing Act, to appoint inspectors to inspect any institution which is recognized as a training institution granting any recognized qualification or recognized higher qualification under the Nursing Act.

***The Guidelines for Exchange of Human Biological Material for Biomedical Research Purposes, 1997 (“HBM Guidelines”)***

The HBM Guidelines, issued by the Central Government, lay down the manner in which human material with potential for use in biomedical research/ diagnostic purposes (including organs, cells, tissues, blood, and embryos) can be transferred to and from India and the mechanism to enable such transfers. The HBM Guidelines authorize the Indian Council of Medical Research (“ICMR”) to set up a committee for consideration of proposals relating to, inter alia, exchange of biological materials for commercial purposes.

***The National Ethical Guidelines for Biomedical and Health Research Involving Human Participants, 2017 (“ICMR Code”)***

The ICMR, in 2017, issued the ICMR Code which envisages that any medical research proposing to use human beings as research participants must be carried out if, after due consideration of all alternatives, the use of human participants is considered to be essential for such proposed study. The ICMR Code lays down the requirement of ensuring privacy and confidentiality along with ensuring that such studies are conducted in a transparent and environmentally friendly manner. As required by the ICMR Code, it is mandatory that all proposals on biomedical research involving human participants should be cleared by an independent and impartial institutional ethics committee to safeguard the welfare and the rights of the participants. Such ethics committees are entrusted with the initial review of research proposals prior to their initiation, and also have a continuing responsibility to regularly monitor the approved research to ensure ethical compliance during the conduct of research.

***The Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 (“Ethics Regulations”)***

The Ethics Regulations enforce numerous requirements on medical practitioners, including in relation to good practices, maintenance of medical records, duties of physicians to patients and to the paramedical profession, regulations on advertising and publicity and a framework for punishment and disciplinary action for misconduct and violation of the Ethics Regulations. Oversight and enforcement of the Ethics Regulations have been conferred upon the relevant medical councils. If, upon enquiry, a medical practitioner is found guilty of violating norms prescribed in the Ethics Regulations, the appropriate medical council may award such punishment as deemed necessary, including a direction towards removal of such medical practitioner’s name from the medical registers (state and/or national level), either permanently or for a limited period.

Further, the Indian Medical Council (Professional Conduct, Etiquette and Ethics) (Amendment) Regulations, 2020, has enabled the practice of telemedicine, specifying that consultation through telemedicine by registered medical practitioners shall be permissible in accordance with the Telemedicine Practice Guidelines specified in the Ethics Regulations.

***Central Government Health Scheme (“CGHS”) and Ex-servicemen Contributory Health Scheme (“ECHS”)***

The CGHS Scheme seeks to provide medical care to the Central Government employees and pensioners enrolled under the scheme. This scheme covers identified categories of Central Government employees in cities covered by the CGHS. Eligible employees and their dependents who have been duly enrolled to the CGHS can avail cashless treatment for procedures covered by the CGHS, which include procedures under allopathic, homoeopathic and Indian streams of medicine.

The ECHS was launched by the Ministry of Defence, GoI and has been in effect since April 1, 2003. The ECHS provides for medical treatment of ex-servicemen pensioners and their dependents. Under the ECHS, private hospitals, nursing homes and diagnostic centres are empanelled for the provision of healthcare coverage to ECHS beneficiaries. Our facilities are also empanelled with other various Central Government and State Government operated health schemes including, *inter alia*, the Ayushman Bharat Yojana (Pradhan Mantri Jan Arogya Yojana).

### ***Epidemic Disease Act, 1897 (“ED Act”)***

The ED Act is a central legislation that provides for the prevention of spread of a dangerous epidemic disease. It prescribes the powers of the State and Central Government to take special measures to prevent the spread of the epidemic including power to prescribe temporary regulations to be observed by the public. Various State Governments issued regulations to prevent the spread of the COVID-19 pandemic under the ED Act including the State of Telangana pursuant to notification of The Telangana Epidemic Diseases, (COVID-19) Regulations, 2020.

Further, the ED Act prohibits violence against health care service personnel and damage to property and provides for penalty and punishment for violation of its provisions.

### ***National Accreditation Board for Hospitals and Healthcare Providers (“NABH”)***

NABH is a constituent board of the Quality Council of India, set up to establish and operate an accreditation program for healthcare organizations. It is structured to cater to the needs of the consumers and to set benchmarks for progress of the health industry. The hospital accreditation program is a flagship program of the NABH which focuses on patient safety and quality of the services provided by the hospitals. NABH prescribes hospital standards, *inter alia*, with respect to: (i) access, assessment and continuity of care; (ii) management of medication; (iii) patient rights and education; and (iv) infection control. Further, NABH also provides accreditation for blood banks to ensure quality and safety of blood, *inter alia*, for the purpose of: (a) collection or donation; (b) processing; (c) testing; and (d) distribution or transfusion. NABH certification is a mandatory eligibility condition for hospital empanelment under the CGHS.

### ***National Accreditation Board for Testing and Calibration Laboratories (“NABL”)***

The NABL is an autonomous body established under the aegis of Department of Science and Technology, GoI, which was subsequently merged with Quality Council of India as a constituent board of Quality Council of India. NABL provides government, regulators and the diagnostic industry with a scheme of laboratory accreditation through third-party assessment for formally recognizing the quality and technical competence of the testing and calibration of laboratories in accordance with International Organisation for Standardization Standards. NABL certification is a mandatory eligibility condition for diagnostic centres empanelment under the CGHS.

### ***Indian Council of Medical Research Guidelines for COVID-19 testing private laboratories in India (“Covid-19 ICMR Guidelines”)***

The Covid-19 ICMR Guidelines were notified in 2020 and stipulate that tests for Covid-19 should be conducted by a laboratory which has NABL accreditation for RT-PCR assay for RNA virus and should only be offered when prescribed by a qualified medical practitioner. The Covid-19 ICMR Guidelines prescribe the manner in which samples should be collected and require collection of a government issued identity card, current address and contact number of the suspected patients. It also prescribes reporting protocols such as immediate reporting of the test results along with the contact details of such patients to the ICMR and provides a procedure for destroying positive and negative samples collected by a laboratory. Further, the Covid-19 ICMR Guidelines prescribe a maximum cost ceiling for conducting Covid-19 tests and encourage free or subsidized testing.

### ***The Consumer Protection Act, 2019 (the “Consumer Protection Act”)***

The Consumer Protection Act provides a mechanism for the consumer to file a complaint against a manufacturers, traders and service providers in cases of unfair trade practices, restrictive trade practices, deficiency in services, unlawful pricing and serving of food that may be hazardous to life. It provides for a three-tier consumer grievance redressal mechanism at the national, state and district levels. It places liability on a product manufacturer / product service provider / product seller to compensate for the harm caused due to a defective product or deficiency in services. The Consumer Protection Act also enables the Central Government to take measures for preventing unfair trade practices in e-commerce. Non-compliance of the orders of the redressal commissions attract criminal penalties or imprisonment or both.

## **Key Drugs Related Legislations**

### ***The Drugs and Cosmetics Act, 1940 (“Drugs Act”) and the Drugs and Cosmetics Rules, 1945 (“Drugs Rules”) and the New Drugs and Clinical Trials Rules, 2019 (“Clinical Trials Rules”)***

The Drugs Act regulates the import, manufacture, distribution and sale of drugs and prohibits the manufacture and sale of drugs which are misbranded, adulterated or spurious. The Drugs Act and the Drugs Rules specify the conditions for grant of a license for the manufacture, sale, import or distribution of any drug or cosmetic and regulation of operation of blood banks. Further, the Clinical Trials Rules mandate that every person holding a license must keep and maintain such records, registers and other documents as may be prescribed which may be subject to inspection by the relevant authorities. Violation of certain provisions of the Drugs Act, including those pertaining to the manufacturing and import of spurious drugs, non-disclosure of specified information and a failure to keep the required documents, are punishable with a fine, or imprisonment or both.

Further, under the Clinical Trials Rules, the ethics committee constituted thereunder is required to register itself with the central licensing authority in order to conduct any clinical trial, bioavailability study or bioequivalence study. The Clinical Trials Rules further provide for the composition and functions of the ethics committee and its period of validity. The Clinical Trials Rules further mandate the maintenance of records for a period of five years after completion of the clinical trial, bioavailability study or bioequivalence study.

### ***The Drugs (Prices Control) Order, 2013 (“DPCO”)***

Formulated pursuant to the Essential Commodities Act, 1955, the DPCO, among others, sets out procedures for fixing the ceiling price of scheduled formulations of specified strengths or dosages, retail price of new drugs for existing manufacturers of scheduled formulations, method of implementation of prices fixed by government and penalties for contravention of its provisions. The DPCO also authorizes the government to prescribe a ceiling price for formulations listed in the National List of Essential Medicines, 2015 published by the Ministry of Health and Family Welfare and modified from time to time. Further, where an existing manufacturer of a drug with dosages and strengths as specified in the National List of Essential Medicines, 2015 launches a new drug, it must seek prior price approval of such drug from the government.

### ***The Pharmacy Act, 1948 and the Pharmacy Practice Regulations, 2015***

Under the Pharmacy Act, 1948, which seeks to regulate the profession of pharmacy, pharmacists are required to be registered with the Pharmacy Council of India. The Pharmacy Practice Regulations, 2015 impose certain obligations on the owners of pharmacy businesses and registered pharmacists. For instance, names of the owner and the registered pharmacist must be mandatorily displayed in the premises where the business is being carried on and the pharmacy business should be conducted in compliance with the various conditions stipulated thereunder. Under the Pharmacy Act, 1948, if pharmacists falsely claim to be registered, or dispense medicines without being registered, they are punishable with fine or imprisonment or both.

### ***The Narcotic Drugs and Psychotropic Substances Act, 1985 (“NDPS Act”) and the Narcotic Drugs and Psychotropic Substances Rules, 1985 (“NDPS Rules”)***

The NDPS Act regulates the possession and use of drugs falling within the definition of “narcotic drug” and “psychotropic substances”, and seeks to regulate operations relating to such substances. Under the NDPS Rules, a hospital will need to obtain recognition as a medical institution from the relevant authority, to deal with substances regulated thereunder. The recognition will also provide for the quantity of drugs allowed thereunder and the conditions subject to which the hospital is permitted to possess and administer narcotic drugs. The NDPS Act also provides for penalties for contravention, which includes imprisonment and fine.

## **Laws relating to Environment**

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes given below is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (“PCBs”), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and

investigation. All industries are required to obtain consent orders from the National PCBs or State PCBs, which are indicative of the fact that the industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be kept renewed.

***The Environment (Protection) Act, 1986 (“EP Act”), the Environment (Protection) Rules, 1986 and Environmental Impact Assessment Notification, 2006 (“EIA Notification”)***

The EP Act has been enacted for the protection and improvement of the environment and empowers the government to take measures in this regard. The rules made under the EP Act specify, among other things, the standards for emission or discharge of environmental pollutants, and restrictions on the handling of hazardous chemicals. For contravention of any of the provisions of the EP Act or the rules framed thereunder, the punishment includes either imprisonment or fine or both. Additionally, under the EIA Notification and its subsequent amendments, projects are required to mandatorily obtain environmental clearance from the concerned authorities depending on the potential impact on human health and resources.

***The Bio-Medical Waste Management Rules, 2016 (“BMW Rules”)***

The BMW Rules apply to all persons who generate, collect, receive, store, transport, treat, dispose or handle bio-medical waste in any form including hospitals, nursing homes and clinics. We are required to obtain an authorization under the BMW Rules for the generation of bio-medical waste to ensure that such waste is handled without any adverse effect to human health and the environment and to set up bio-medical waste treatment facilities as prescribed under the BMW Rules, including pre-treating laboratory and microbiological waste, and providing training to health care workers and others involved in handling bio-medical waste. We are also required to submit an annual report to the prescribed authority and also to maintain records related to the generation, collection, storage, transportation, treatment, disposal, and/ or any form of handling of biomedical waste in accordance with the BMW Rules and the guidelines issued thereunder. The prescribed authority may cancel, suspend or refuse to renew an authorization, if for reasons to be recorded in writing, the occupier/operator has failed to comply with any of the provisions of EP Act or BMW Rules.

***The Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”) and the Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)***

The Air Act was enacted to provide for the prevention, control and abatement of air pollution in India. It was enacted to take appropriate steps for the preservation of natural resources of the earth, which among other things include the preservation of the quality of air and control of air pollution. The Water Act was enacted to control and prevent water pollution and for maintaining or restoring the purity of water in India. The objective of this legislation is to ensure that domestic and industrial pollutants are not discharged into streams and wells without adequate treatment. We are required to obtain consents to operate under the Air Act and the Water Act.

***The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (the “Hazardous Waste Rules”)***

The Hazardous Waste Rules ensure management of hazardous waste in an environmentally sound manner, in a manner which shall protect health and the environment against the adverse effects of such waste. A list of hazardous wastes and processes that generate hazardous waste have been specified under the Hazardous Waste Rules. We are required to obtain authorizations for, *inter alia*, the generation, processing, treatment, package, storage, transportation, use, collection, destruction or transfer of the hazardous waste from the concerned state pollution control board.

***Public Liability Insurance Act, 1991 (“Public Liability Act”)***

The Public Liability Act, as amended, imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such substances. A list of ‘hazardous substances’ covered by the legislation has been enumerated by the Government by way of a notification under the EPA. The owner or handler is also required to take out an insurance policy that insures against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the Environment Relief Fund a sum equal to the premium payable to the insurer on the policies taken out.

**Labour law legislations**



The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative discussion of labour laws which may be applicable to our Company due to the nature of its business activities:

***Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the "EPF Act")***

The EPF Act is applicable to an establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. In accordance with the provisions of the EPF Act, the employers are required to contribute to the Employees' Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employees shall also be required to make an equal contribution to the fund. The Central Government under Section 5 of the EPF Act framed the Employees Provident Scheme, 1952.

***Employees' State Insurance Act, 1948 (the "ESI Act")***

The ESI Act provides for certain benefits to employees in case of sickness, maternity and employment injury and includes provisions for certain other matters in relation thereto. The ESI Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided thereunder. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

***Payment of Bonus Act, 1965***

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment in which 20 or more persons are employed on any day during an accounting year to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and links the calculation for the payment of bonus payable with production and productivity.

***Payment of Gratuity Act, 1972 (the "Gratuity Act")***

The Gratuity Act applies, *inter alia* to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a state, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months. The Gratuity Act may also apply in case of such other establishments or class of establishments, in which ten or more employees are employed, on any day of the preceding twelve months, as the Central Government may notify. A shop or establishment to which the Gratuity Act becomes applicable shall be continued to be governed by it irrespective of the number of persons employed in such shop or establishment falling below ten at any time thereafter. The Gratuity Act provides for gratuity to be payable to an employee on termination of his/her employment after he/she has rendered continuous service of not less than five years on superannuation or his retirement or resignation or death or disablement due to accident or disease. The five-year period shall be relaxed in case of termination of service due to death or disablement.

The provisions of the Gratuity Act are applicable in consonance with the Payment of Bonus (Amendment) Act, 2015, which increased the wage threshold for determining applicability of the Act from ₹10,000 to ₹21,000 per month. Additionally, the wage ceiling for calculation of bonus was increased from ₹3,500 to ₹7,000 per month.

***Maternity Benefit Act, 1961 (the "Maternity Act")***

The Maternity Act provides for leave and right to payment of maternity benefits to women employees in case of confinement or miscarriage etc. The Maternity Act is applicable to every establishment *inter alia* to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a state, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; provided that the State Government may, with the approval of the Central Government, after giving at least two months' notice shall apply any of the provisions of the Maternity Act to any specific establishments or class of establishments, industrial, commercial, agricultural or otherwise.

The Maternity Benefit (Amendment) Act, 2017 amended the Maternity Act to provide for increase of paid

maternity leave from 12 to 26 weeks, unless the mother has two or more surviving children and introduced a mandatory provision for creche facilities for employers with more than 50 employees.

***Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (the “Prevention of Sexual Harassment Act”) and rules thereunder***

In order to curb the rise in sexual harassment of women at workplace, the Prevention of Sexual Harassment Act was enacted for prevention and redressal of complaints and for matters connected therewith or incidental thereto. The terms “sexual harassment” and “workplace” are both defined in the Prevention of Sexual Harassment Act. Every employer should also constitute an “Internal Complaints Committee” and every officer and member of the company shall hold office for a period of not exceeding three years from the date of nomination. Any aggrieved woman can make a complaint in writing to the Internal Committee in relation to sexual harassment of females at workplace. Every employer has a duty to provide a safe working environment at workplace which shall include safety from the persons coming into contact at the workplace, organising awareness programs and workshops, display of rules relating to the sexual harassment at any conspicuous part of the workplace, providing necessary facilities to the internal or local committee for dealing with the complaint, and any other procedural requirements to assess the complaints. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 framed under the Prevention of Sexual Harassment Act provides for *inter alia* manner of submission of complaints in relation to sexual harassment, procedure for dealing with the complaints and details to be reflected in the annual report to be prepared by the complaints committee as required under the provisions of the Prevention of Sexual Harassment Act.

***Contract Labour (Regulation and Abolition) Act, 1970 (the “CLRA”)***

The CLRA is applicable to every establishment in which twenty or more workmen are employed or were employed on any day of the preceding twelve months as contract labour, and to every contractor who employs or who employed on any day of the preceding twelve months twenty or more workmen. Under the CLRA, a ‘principal employer’ is defined to include (in the case of establishments other than factories, mines, or Government offices/ departments) as any person responsible for the supervision and control of the establishment. The CLRA provides for, *inter alia* registration of establishments employing contract labour, licensing of contractors as well as circumstances in which such licenses can be revoked, as well as provisions in relation to welfare and health of contract labour. Under the CLRA, if any amenity is not provided by the relevant contractor to the contract labour in accordance with the provisions of the Act, such amenity is required to be provided by the principal employer. The Central Government or the relevant State Government is empowered to frame rules for carrying out the various provisions of the CLRA.

**In addition to the aforementioned, the following labour codes have received the assent of the President of India, and will come into force as and when notified in the Gazette, pursuant to which the abovementioned Labour Legislations will be subsumed by the following labour codes:**

***The Code on Wages, 2019 (the “Wage Code”)***

The Code on Wages, 2019 received the assent of the President of India on August 8, 2019 and proposes to subsume four existing laws namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. The Ministry of Labour and Employment vide notification dated December 18, 2020 notified certain provisions of the Wage Code. The provisions of this code will be brought into force on a date to be notified by the Central Government.

***The Occupational Safety, Health and Working Conditions Code, 2020***

The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020 and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The code proposes to provide for *inter alia* standards for health, safety and working conditions for employees of the establishments. The provisions of this code will be brought into force on a date to be notified by the Central Government.

***The Industrial Relations Code, 2020***

The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the Central Government.

#### ***The Code on Social Security, 2020 (“Social Security Code”)***

The Social Security Code received the assent of the President of India on September 28, 2020 and it proposes to subsume certain existing legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008. The new code proposes to set up a National Social Security Board and State Unorganized Workers Board to administer schemes for unorganized workers. The Social Security Code aims to provide uniformity in providing social security benefits to the employees which was earlier segregated under different acts and had different applicability and coverage. The Social Security Code has introduced the concept of workers outside traditional employee-employee work-arrangements (including in online and digital platforms such as ours), such as 'gig workers' and 'platform workers' and provides for the mandatory registration of such workers in order to enable these workers to avail benefits of, among others, life and disability cover, health and maternity benefits, old age protection, under schemes framed under the Social Security Code from time to time. Further, the Social Security Code provides that such schemes may *inter alia*, be partly funded by contributions from platforms such as ours. The provisions of this code will be brought into force on a date to be notified by the Central Government.

#### **Other Labour law legislations:**

In addition to the aforementioned material legislations which are applicable to our Company, some of the other labour legislations that may be applicable to the operations of our Company include:

1. State-wise Labour welfare fund legislations and rules made thereunder;
2. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and the rules made thereunder;
3. Equal Remuneration Act, 1976;
4. Rights of Persons with Disabilities Act, 2016;
5. Child and Adolescent Labour (Prohibition and Regulation) Act, 1986; and
6. Apprenticeship Act, 1961.

#### **Intellectual Property Laws**

Intellectual property in India enjoys protection under both common law and statutes. Under statutes, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. These enactments provide for the protection of intellectual property by imposing civil and criminal liability for infringement. In addition to the domestic laws, India is party to several international intellectual property related instruments including the Patent Cooperation Treaty, 1970, the Paris Convention for the Protection of Industrial Property, 1883, the Berne Convention for the Protection of Literary and Artistic Works, 1886, the Universal Copyright Convention adopted at Geneva in 1952, the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, 1961, and as a member of the World Trade Organisation, India also is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights (“**TRIPS**”).

#### ***Copyright Act, 1957 and the rules thereunder***

The Copyright Act, 1957, along with the Copyright Rules, 1958, (collectively, “**Copyright Laws**”) serve to create property rights for certain kinds of intellectual property, generally called works of authorship. The Copyright Laws protect the legal rights of the creator of an 'original work' by preventing others from

reproducing the work in any other way. The intellectual property protected under the Copyright Laws includes literary works, dramatic works, musical works, artistic works, cinematography, and sound recordings. The Copyright Laws prescribe fine, imprisonment or both for violations, with enhanced penalty on second or subsequent convictions. While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Upon registration, the copyright protection for a work exists for a period of 60 years following the demise of the author. Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of the copyright are all acts which expressly amount to an infringement of copyright.

### **The Patents Act, 1970 (the “Patents Act”)**

The Patents Act governs the patent regime in India. Being a signatory to the TRIPS, India is required to recognize product patents as well as process patents. In addition to the broad requirement that an invention satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria.

Section 39 of the Patents Act also prohibits any person resident in India from applying for a patent for an invention outside India without making an application for a patent for the same invention in India. The term of a patent granted under the Patents Act pursuant to Section 53 is for a period of twenty years from the date of filing of the application for the patent. A patent shall cease to have effect if the renewal fee is not paid within the period prescribed for the payment of such renewal fee. Further, the Patents Act also provides for the recognition of product patents in respect of food, medicine and drugs; that import of patented products will not be considered as an infringement; and that under certain circumstances, the burden of proof in case of infringement of process patents may be transferred to the alleged infringer.

### ***The Trademarks Act, 1999 (“Trademarks Act”)***

The Trademarks Act provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement. The Trademarks Act also governs the statutory protection of trademarks and also prohibits any registration of deceptively similar trademarks or chemical compounds, among others. Indian law permits the registration of trademarks for both goods and services. It also provides for infringement, falsifying and falsely applying for trademarks. Under the provisions of the Trademarks Act, an application for trademark registration may be made before the Trademark Registry by any person claiming to be the proprietor of a trade mark, whether individual or joint applicants, and can be made on the basis of either actual use or intention to use a trademark in the future. Once granted, a trademark registration is valid for 10 years unless cancelled, subsequent to which, it can be renewed. If not renewed, the mark lapses and the registration is required to be restored. Further, pursuant to the notification of the Trademark (Amendment) Act, 2010 simultaneous protection of trademark in India and other countries has been made available to owners of Indian and foreign trademarks. The Trademark (Amendment) Act, 2010 also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to conform Indian trademark law to international practice.

### ***Design Act, 2000***

It is an Act to consolidate and amend the law relating to the protection of designs which came into force on May 11, 2001. Design Act is a complete code in itself and is statutory in nature and protects new or original designs from getting copied which cause loss to the proprietor. The proprietor upon registration gets ‘copyrights in design’ for the period of 10 years from the date of registration which can be renewed for a second period of five years, before the expiration of original period of 10 years. The controller registers a design under this Act after verifying that the design of any person, claiming to be the proprietor, is the new or original design not previously published anywhere in any country and is not against any public policy or morality. Any obvious or fraudulent imitation of a design, which is already registered, without the consent of its proprietor, is unlawful. It also prohibits the import of any material which closely resembles a registered design.

### **Laws governing foreign investments**

Foreign investment in India is governed by the provisions of The Foreign Exchange Management Act, 1999 (“**FEMA**”), the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (“**FEMA NDI Rules**”) along with the Consolidated FDI Policy issued by the DPIIT, from time to time. Further, the RBI has enacted the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 which regulate the mode of payment and reporting requirements for investments in India by a person resident outside India.

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%).

### **The consolidated Foreign Direct Investment Policy of 2020 (the “Consolidated FDI Policy”)**

The Department for Promotion of Industry and Internal Trade (“**DPIIT**”), Ministry of Commerce and Industry on October 28, 2020 issued Consolidated FDI Policy. In terms of the FEMA NDI Rules and the Consolidated FDI Policy, up to 100% foreign investment is currently permitted in a company engaged in manufacturing activities in India (including contract manufacturing in India).

### ***Overseas Direct Investment (“ODI”)***

In terms of the Master Direction No. 15/2015-16 on “Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary Abroad” issued by the RBI, dated January 1, 2016, an Indian entity is permitted to make ODI under the automatic route up to limits prescribed by the RBI, which currently should not exceed 400% of its net worth. ODI can be made by investing in either joint ventures or wholly owned subsidiaries outside India. Any financial commitment exceeding USD one billion (or its equivalent) in a financial year would require prior approval of the RBI.

### **Laws relating to taxation**

In addition to the aforementioned material legislations which are applicable to our Company, some of the tax legislations that may be applicable to the operations of our Company include:

- Income Tax Act 1961, the Income Tax Rules, 1962, as amended by the Finance Act in respective years;
- The Customs Act, 1962;
- Central Goods and Service Tax Act, 2017, the Central Goods and Service Tax Rules, 2017 and various state-specific legislations made thereunder;
- The Integrated Goods and Service Tax Act, 2017;
- The State Goods and Service Tax Act, 2017;
- State-specific legislations in relation to professional tax; and
- Indian Stamp Act, 1899 and various state-specific legislations made thereunder.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as ‘Rainbow Children’s Medicare Private Limited’ under the Companies Act, 1956, as a private limited company at Hyderabad at Telangana pursuant to a certificate of incorporation dated August 7, 1998, issued by the RoC. Subsequently, pursuant to a resolution of our Shareholders dated November 3, 2021, our Company was converted from a private company to a public company and, consequently, our name was changed from ‘Rainbow Children’s Medicare Private Limited’ to ‘Rainbow Children’s Medicare Limited’, and a fresh certificate of incorporation was consequently issued by the RoC on November 20, 2021 under the Companies Act, 2013.

### Changes in our Registered Office

The Registered Office is located at 8-2-120/103/1, Survey No. 403, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India

| Effective date of change | Details of Change                                                                                                                                                                            | Reason(s) for change |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| July 1, 2018             | The registered office of our Company was changed from 22, Road No.4 Banjara Hills, Hyderabad 500034 to 8-2-120/103/1, Survey No. 403, Road No. 2, Banjara Hills, Hyderabad 500034, Telangana | Expansion            |

### Main objects of our Company

The main objects contained in the Memorandum of Association of our Company are as mentioned below:

| Clause   | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3(a) (1) | To carry on and to own, establish, run, manage, and maintain hospitals, research centers, diagnostic centers, blood bank service centers, nursing homes, health centers, rehabilitation centers, clinics, polyclinics, laboratories and to apply or provide utility articles and services to patients, attendants and others and to provide aids to medical personnel for research and development, to establish allied health training centers and to act and work as consultants in medical profession in India and abroad. |
| 3(a) (2) | To carry on the business of manufacturing, selling, buying, importing, exporting, distributing, stocking, or otherwise and to generally deal in all kinds of drugs and medicines, sterilised equipment, consumables required for medicare and for hospitals, and for the said purpose to enter into technical collaborations, royalty, agreements actual users or concession agreements or any agreements with foreign and Indian parties other than to carry out any retail trading business.                                |

The main objects, as contained in our MoA, enable our Company to carry on the businesses presently being carried out.

### Amendments to our Memorandum of Association in the last 10 years

The following changes have been made to our Memorandum of Association in the last 10 years:

| Date of Shareholders’ resolution | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 30, 2012                 | Clause III (B) of the MOA (Incidental Objects), was amended to add the following new sub-clause: <i>“To lend and / or advance money or give credit or guarantee to any person or company or indemnify for the payment of money or performance of contracts or obligations by any person or to secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person subject to the provisions of the Act.”</i> |
| August 7, 2013                   | Clause III A of the MOA (Main Objects) was amended by substituting Clause 2 with the following clause: <i>“To carry on the business of manufacturing, selling, buying, importing, exporting, distributing, stocking, or otherwise and to generally deal in all kinds of drugs and medicines, sterilised equipment, consumables required for medicare and for hospitals, and for the said purpose to enter into technical collaborations,</i>                  |

| <b>Date of Shareholders' resolution</b> | <b>Particulars</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         | <p><i>royalty, agreements actual users or concession agreements or any agreements with foreign and Indian parties other than to carry out any retail trading business.”</i></p> <p>Clause V of the MOA was amended to reflect the re-classification of authorised share capital from ₹ 150,000,000, divided into 15,000,000 equity shares of ₹ 10 each, by reclassifying 5,550,000 equity shares of ₹ 10 each into 1,156,250 compulsorily convertible preference shares of ₹ 48 each.</p> <p>Clause V of the MoA was amended to reflect the increase in the authorized share capital of our Company from ₹ 150,000,000, divided into 9,450,000 equity shares of ₹ 10 each, and 1,156,250 compulsorily convertible preference shares of ₹ 48 each, to ₹ 175,000,000, divided into 11,950,000 equity shares of ₹ 10 each and 1,156,250 Compulsorily Convertible Preference Shares of ₹ 48 each.</p>                                                                                                                                                                                                        |
| August 1, 2014                          | <p>Clause V of the MOA was substituted with the following clause:</p> <p><i>‘The Authorized Share Capital of our Company is ₹175,000,000 divided into 11,950,000 Equity Shares of ₹ 10 each and 1,156,250 Compulsory Convertible Preference Shares of ₹ 48 each entitled to a preference dividend equal to 0.0001% of the par value i.e., ₹ 48 per annum with a power to increase or reduce, sub-divide, consolidate the said capital in accordance with the applicable provisions of the Companies Act, 1956.’</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| January 20, 2016                        | <p>Clause V of the MoA was amended to re-classify 11,56,250 0.0001% CCPS as Series A 0.0001% CCPS.</p> <p>Clause of V of the MOA was amended to reflect the reclassification of unissued 9,479 Series A 0.0001% CCPS of ₹ 48 each as Series B 0.0001% CCPS of ₹ 48 each, post which the authorised share capital of our Company was ₹ 175,000,000, divided into 11,950,000 equity shares of ₹ 10 each, 1,146,771 Series A- 0.0001% Compulsorily Convertible Preference Shares of ₹ 48 each and 9,479 Series B-0.0001% Compulsorily Convertible Preference Shares of ₹ 48 each</p> <p>Clause V of the MoA was amended to reflect the increase in the authorized share capital from ₹ 175,000,000, divided into 1,1,950,000 equity shares of ₹ 10 each, 1,146,771 Series A- 0.0001% Compulsorily Convertible Preference Shares of ₹ 48 each and 9,479 Series B-0.0001% Compulsorily Convertible Preference Shares of ₹ 48 each to ₹ 230,000,000, divided into 1,2055,616 equity shares of ₹ 10 each and 1,146,771 Series A 0.0001% CCPS of ₹ 48 each and 1,133,309 Series B 0.0001% CCPS of ₹ 48 each.</p> |
| August 12, 2016                         | <p>Clause V of the MoA was amended to reflect the increase in the authorized share capital from ₹ 230,000,000, divided into 12,055,616 equity shares of ₹ 10 each, 1,146,771 Series A 0.0001% CCPS of ₹ 48 each and 1,133,309 Series B 0.0001% CCPS of ₹ 48 each to ₹ 350,000,000, divided into 24,055,616 equity shares of ₹ 10 each and 1,146,771 Series A 0.0001% CCPS of ₹ 48 each and 1,133,309 Series B 0.0001% CCPS of ₹ 48 each.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| December 4, 2017                        | <p>Clause V of the MoA was amended to reflect the increase in the authorized share capital from ₹ 350,000,000, divided into 24,055,616 equity shares of ₹ 10 each, 1,146,771 Series A 0.0001% CCPS of ₹ 48 each and 1,133,309 Series B 0.0001% CCPS of ₹ 48 each, to ₹ 700,000,000 divided into 59,055,616 equity shares of ₹ 10 each and 1,146,771 Series A 0.0001% CCPS of ₹ 48 each and 1,133,309 Series B 0.0001% CCPS of ₹ 48 each.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| October 20, 2021                        | <p>Clause V of the MoA was amended to reflect the increase in the authorized share capital from ₹ 700,000,000 divided into 59,055,616 equity shares of ₹ 10 each and 1,146,771 Series A 0.0001% CCPS of ₹ 48 each and 1,133,309 Series B 0.0001% CCPS of ₹ 48 each to ₹ 1,500,000,000 consisting of 139,055,616 Equity Shares at par value of ₹ 10 each and 1,146,771 Series A 0.0001% Compulsorily Convertible Preference Shares of ₹ 48 each and 11,33,309 Series B 0.0001% Compulsorily Convertible Preference Shares of ₹ 48 each.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| November 3, 2021                        | <p>Amendment of Clause I of our MoA to reflect the change in name of our Company from Rainbow Children's Medicare Private Limited to Rainbow Children's Medicare Limited</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## Major events and milestones

The table below sets forth some of the major events and milestones in our history:

| Calendar year | Major events and milestones                                                                                                      |
|---------------|----------------------------------------------------------------------------------------------------------------------------------|
| 1999          | Established our first hospital at Banjara Hills                                                                                  |
| 2005          | Expansion of Banjara Hills Facility to tertiary care                                                                             |
| 2007          | Established Hospital at Vijayawada                                                                                               |
| 2009          | Established Hospital at Vikrampur                                                                                                |
| 2010          | Opening of outpatient clinic at Madhapur                                                                                         |
|               | Established IVF facility at Madhapur                                                                                             |
| 2013          | Established hospital at Kondapur                                                                                                 |
|               | CDC Group subscribed to 1,146,771 equity shares and 1,146,771 Series A CCPS of our Company                                       |
|               | Rainbow Institute of Medical Sciences Private Limited changed in place of business to 332, 4B, C1, Currency Nagar, Vijayawada-8. |
| 2015          | Established hospital at Hydernagar                                                                                               |
|               | Established hospital at Marathalli                                                                                               |
| 2016          | CDC India subscribed to 1,133,309 Series B CCPS of our Company                                                                   |
| 2016          | Established Hospital at Bannerghatta Road, Bangalore                                                                             |
|               | Established hospital at LB Nagar, Hyderabad                                                                                      |
| 2017          | Madhukar Rainbow Hospital at New Delhi commenced operations                                                                      |
| 2018          | Established Hospital at Guindy, Chennai                                                                                          |
| 2019          | One of our subsidiaries, Rosewalk Healthcare Private Limited received certificate of establishment                               |
|               | Started outpatient and IVF facility at Kondapur                                                                                  |
| 2020          | Established hospital at Byatarayanapura village, Yelahanka, Hubli, Bengaluru                                                     |
|               | Established. hospital at Vizag                                                                                                   |
| 2021          | Relocated and expanded our hospital at Vikrampur Hospital                                                                        |

## Launch of key products or services, entry in new geographies or exit from existing markets

For details regarding launch of key products or services, entry in new geographies or exit from existing markets, refer to “Our Business” on page 174.

## Key awards, accreditations or recognitions

The table below sets forth some of the awards, accreditations or recognitions received by us:

| Calendar Year | Particulars                                                                                                                                                                                                                                  |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2010          | Rainbow Children’s Hospital, Hyderabad received CNBC ICICI Lombard Award for specialty hospital pediatrics.                                                                                                                                  |
| 2014          | Rainbow Hospitals, Hyderabad received the CNBC ICICI Lombard Award for the best single specialty hospital pediatrics..                                                                                                                       |
| 2015          | Our Company was awarded a certificate of recognition for the project “Rainbow digital” at the 4 <sup>th</sup> Annual Healthcare Leaders’ Awards.                                                                                             |
|               | Our Company was awarded the Best Hospital in Paediatric & Gynaecology Care at the Asia Healthcare Excellence Awards.                                                                                                                         |
|               | Rainbow Hospital for Women & Children, Hyderabad was awarded for excellence in innovative product / service in healthcare with highest societal impact by the Federation of Telangana and Andhra Pradesh, Chambers of Commerce and Industry. |
| 2016          | Our Company was awarded a certificate of merit for “The best mobile App” at World Marketing Congress.                                                                                                                                        |
|               | Rainbow Hospital, India was awarded a Guinness World records for the largest gathering of people born prematurely achieved by the Company in Hyderabad, Anadhra Pradesh India on November 17, 2016                                           |



| Calendar Year | Particulars                                                                                                                                                                                          |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2017          | “BirthRight by Rainbow” was awarded the best hospital of the year in gynecology at Times Healthcare Achievers Telugu States.                                                                         |
|               | “Rainbow Children’s Hospital” was awarded the best hospital of the year in pediatrics at Times Health Achievers Telugu States.                                                                       |
|               | Our Company was awarded the “Best Single Specialty Hospital” at World Health & Wellness Congress & Awards.                                                                                           |
|               | Rainbow Children’s Hospital, Hyderabad was awarded a ‘Scroll of Honour’ for excellence in teaching of DNB Programme/NBE Accredited Hospital by Association of National Board Accredited Institutions |
| 2018          | BirthRight Fertility Centre by Rainbow Hospitals was awarded the best multi-speciality hospital in Fertility & IVF Category award at Times Excellence Award.                                         |
|               | BirthRight by Rainbow Hospitals was awarded India’s No.1 Obstetrics Hospital by the Times of India.                                                                                                  |
| 2019          | Rainbow Children’s Hospital was awarded best hospital of the year 2019 in Pediatrics at Times Healthcare Achievers Telugu States.                                                                    |
|               | BirthRight by Rainbow Hospitals was awarded the best hospital of the year 2019 in obstetrics and gynecology award at Times Healthcare Achievers Telugu States.                                       |
|               | BirthRight Fertility Centre by Rainbow Hospitals was ranked number three in Fertility & IVF category (Multi-Speciality Hospital) in Hyderabad by Times Excellence Award.                             |
| 2020          | Our Company was certified as a great workplace by Great Place to Work Institute, India.                                                                                                              |
|               | Our Company was awarded the Healthcare Leadership Award at Karnataka Healthcare Leadership Awards, 2020.                                                                                             |
| 2021          | Rainbow Children’s Hospital was awarded as the best standalone pediatrics hospital in India by The Week.                                                                                             |

### Our Holding Company

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

### Our Subsidiaries

As on the date of this Draft Red Herring Prospectus, our Company has six Subsidiaries, namely, Rainbow Speciality Hospitals Private Limited, Rainbow Women & Children’s Hospital Private Limited, Rainbow Fertility Private Limited, Rainbow C R O Private Limited, Rainbow Children’s Hospital Private Limited and Rosewalk Healthcare Private Limited. For details with respect to our Subsidiaries, see “*Our Subsidiaries*” on page 222.

### Time and cost overrun in setting up projects by our Company

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, our Company has not experienced any time or cost overruns in setting up any projects:

The Company *vide* sale agreement dated September 3, 2010 was allotted one acre of land by Andhra Pradesh Industrial Infrastructure Corporation Limited (“APIIC”) for setting up a children hospital at Health city, Chinagadili, Vishakhapatnam to facilitate socio economic development within 2 years from the date of possession of land i.e. by October 2012. The said project construction was delayed multiple times and the Company has obtained extension from APIIC by paying condonation fees. The project was completed in December 2020 and the Company has commenced the commercial operations in the unit from then.

### Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

Our Company has not defaulted on repayment of any loan availed from any banks or financial institutions. Further, the tenure of repayment of any loan availed by our Company from banks or financial institutions has not been rescheduled or restructured.

**Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets since its incorporation**

Except as disclosed below, our Company has not acquired any material business or undertaken any mergers or amalgamations or divestments of business or undertaking since its incorporation.

**Sale and Purchase Agreement dated December 18, 2018 between our Company, Rosewalk Healthcare Private Limited, Rasik Chopra, Sabre Investments Consultants LLP, SMS Trust, Viraj Kataria, Arun Krishan Puri and Blue Style Capital**

Our Company entered into sale and purchase agreement dated December 18, 2018 with Rosewalk Healthcare Private Limited and Rasik Chopra, Sabre Investments Consultants LLP, SMS Trust, Viraj Kataria, Arun Krishan Puri and Blue Style Capital for acquisition of entire equity capital of Rosewalk Healthcare Private Limited for ₹13.52 million.

**Sale and Purchase Agreement dated December 18, 2018 between our Company, Rosewalk Healthcare Private Limited and Sunil Kant Munjal**

Our Company entered into sale and purchase agreement dated December 18, 2018 with Rosewalk Healthcare Private Limited and Sunil Kant Munjal for the acquisition of 206,400 equity shares of face value of ₹ 10 each from Sunil Kant Munjal of his equity shares held in Rosewalk Healthcare Private Limited by our Company for ₹ 0.59 million.

**Scheme of Amalgamation and Arrangement between our Company and Rainbow Institute of Medical Sciences Private Limited (“Scheme of Amalgamation”).**

Pursuant to a Board resolution dated November 3, 2015, our Company filed for a Scheme of Amalgamation with the High Court of Hyderabad for the amalgamation of Rainbow Institute of Medical Sciences Private Limited (“RMISPL”), an erstwhile wholly owned subsidiary of our Company, with our Company. With effect from April 1, 2015 (the “**Appointed Date**”), RMISPL was amalgamated with our Company, by an order dated June 1, 2016 passed by the High Court of Hyderabad. Pursuant to the Scheme of Amalgamation, amongst other things, all property, rights, powers, liabilities, and duties of RMISPL stood transferred to, and vested in, our Company. Further, all the proceedings involving RMISPL were to be continued in the name of our Company. Since RMISPL was a wholly owned subsidiary of our Company, there was no issuance of equity shares of our Company to the shareholders of RMISPL.

**Details of Shareholders’ Agreements**

**Investment Agreement entered between our Company, Dr. Ramesh Kancharla and Dr. Dinesh Kumar Chirla (“Promoters”), Padma Kancharla (“Other Shareholder”), CDC Group plc dated August 2, 2013, and as amended by an amendment agreement dated December 24, 2015, and the amended and restated shareholders’ agreement amongst our Company, Promoters, Other Shareholder and CDC India Opportunities Limited (together with CDC Group, “Investors”), dated March 29, 2016 (collectively, “Amended and Restated Shareholders’ Agreement”). Further, our Company, Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla, Ms. Padma Kancharla and CDC entered into a deed of adherence dated August 24, 2018 with Dr. Adarsh Kancharla, in accordance with the provisions of the Amended and Restated Shareholders’ Agreement.**

Our Company, the Promoters, Other Shareholder and CDC Group entered into an investment agreement dated August 2, 2013, pursuant to which: (i) CDC Group subscribed to, and our Company issued and allotted 1,146,771 equity shares (“**Subscription Shares**”) at a face value of ₹ 10 per equity share and at a premium of ₹ 426.01 per equity share and 11,46,771 compulsorily convertible preference share (“**CCPS**”) at a face value of ₹ 48 per CCPS and at a premium of ₹ 388.01 per CCPS (which were subsequently reclassified as “**Series A CCPS**”) for an aggregate consideration of ₹ 1,000,007,248; and (ii) CDC Group purchased 114,677 equity shares from Ramesh Kancharla, for an aggregate consideration of ₹ 5,000,319.

Our Company, the Promoters, the Other Shareholder, CDC Group and CDC India entered into an Amendment and Supplemental Agreement dated December 24, 2015 (“**Amendment Agreement**”), pursuant to which CDC India subscribed to 1,133,309 Series B CCPS ( “**Series B CCPS**” or “**Second Tranche Shares**”) at a face value

of ₹ 48 per Series B CCPS and at a premium of ₹ 834.37. Ramesh Kancharla, CDC India and our Company entered into a share purchase agreement of even date (the “SPA”), pursuant to which CDC India purchased 125,000 equity shares of ₹ 10 each ( “**Third Tranche Shares**”) from Ramesh Kancharla for a sale consideration of ₹ 882.37 per Third Tranche Share, aggregating to ₹ 110,296,250 ( “**Third Tranche Price**”).

The Amended and Restated Shareholders’ Agreement set out, amongst others, (i) the right of Investors to appoint and maintain two directors (“**Investor Directors**”) and of the Promoters to appoint and maintain four directors (“**Promoter Directors**”), with one of the Investor Directors and one of the Promoter Directors on each of the Remuneration Committee, the Audit Committee and the Capex Committee; (ii) certain reserved matters rights in favour of the Investors, which include, amongst others, amendment of organisational documents of our Company and our Subsidiaries, altering rights attached to any securities of our Company, adoption and approving audited accounts, changing internal or statutory auditors, entering into transaction with connected persons and changing the registered office of the Company; (iii) a right of first offer in favour of Investors; (iv) a tag along right in favour of the Investors; and (v) certain anti-dilution rights in favour of the Investors.

By way of the amendment agreement dated December 24, 2021 (“**2021 Amendment Agreement**”) to the Amended and Restated Shareholders’ Agreement, the parties have agreed to waive certain terms of the Amended and Restated Shareholders’ Agreement including, amongst others, anti-dilution rights, tag along rights, information rights, drag along rights for issuance and transfer of equity shares pursuant to the Offer.

In terms of the 2021 Amendment Agreement, the Amended and Restated Shareholders’ Agreement shall automatically terminate on the date on which the equity shares of our Company are admitted to listing and trading on the Stock Exchange pursuant to the Offer.

Further, the 2021 Amendment Agreement shall continue until the earlier of (i) the 2021 Amendment Agreement being terminated by mutual written agreement of all parties; (ii) upon the Equity Shares of the Company being admitted to listing and trading on the Stock Exchange(s) pursuant to the Offer; (iii) in the event the Offer is not completed on or prior to the IPO Long Stop Date; (iv) if the Company, Dr. Ramesh Kancharla and CDC collectively decide not to proceed with the Offer, solely in the event that CDC’s shareholding in the Company, solely pursuant to CDC’s component of the Offer for Sale, does not reduce by at least 8% (calculated on the basis of the pre-IPO equity share capital of the Company), i.e. 7,706,721 Equity Shares; or (v) in the event the Board of Directors of the Company decides not to undertake the Offer.

For the purposes of the 2021 Amendment Agreement, IPO long stop date (“**IPO Long Stop Date**”) is defined to mean the earlier of (a) the expiry of a period of 12 months from the date on which SEBI’s final observations on the DRHP filed by the Company with SEBI in connection with the Offer are received by the Company, during which time the Equity Shares of the Company have not been admitted to listing and trading on the Stock Exchange(s) pursuant to the Offer, (b) December 31, 2022, or such other extended date as mutually agreed to between the Parties in writing, or (c) withdrawal of the Offer.

Additionally, in terms of Part A of our Articles of Association, effective from the date of receipt of listing and trading approvals from the Stock Exchanges on which the Equity Shares of our Company are proposed to be listed pursuant to the Offer, at any time on and after the listing date, and subject to applicable law and receipt of approval of the Shareholders of the Company by way of a special resolution after the consummation of the Offer, Dr. Ramesh Kancharla (“**Promoter No. 1**”) shall be entitled to nominate in office up to two Directors (such director referred to as the “**Promoter Director(s)**”), so long as he continues to remain one of the Promoters of the Company and holds not less than 20% of the Equity Share capital of the Company on a fully diluted basis. No person, other than Promoter No. 1, shall have the right to nominate any Directors. The appointment of the Promoter Directors shall be in accordance with applicable law, and shall be subject to the approval of the Shareholders, by way of a special resolution, after the date of listing of our Equity Shares on the Stock Exchanges pursuant to the Offer.

For further details, please refer to “*Description of Equity Shares and Terms of Articles of Association*” on page 429 of this Draft Red Herring Prospectus.

#### **Details of Share Purchase Agreements**

**Share Purchase Agreement entered between our Company, Ramesh Kancharla, CDC Group plc and CDC India Opportunities Limited (together with CDC Group “Investors”) dated March 24, 2016**

Ramesh Kancharla, CDC India and our Company entered into a share purchase agreement dated March 24, 2016 (“SPA”), pursuant to which Ramesh Kancharla sold and CDC India purchased 125,000 equity shares of face value of ₹ 10 each (“Sale Shares”) representing the then 1.08% of the fully diluted share capital of our Company for a sale consideration of ₹ 882.37 per equity share aggregating to ₹ 110,296,250.

**Guarantees given by our Promoter Selling Shareholder**

As of the date of this Draft Red Herring Prospectus, our Promoter Selling Shareholders have not provided any guarantees to third parties.

**Key terms of other subsisting material agreements**

Our Company has not entered into any other subsisting material agreements other than in the ordinary course of business of our Company.

**Other confirmations**

None of our Promoters, Key Managerial Personnel, Directors, or other employees of our Company have entered into an agreement, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with the dealings in the securities of our Company.

## OUR SUBSIDIARIES

As on the date of this Draft Red Herring Prospectus, our Company has the following six Subsidiaries:

1. Rainbow Children's Hospital Private Limited;
2. Rainbow Women and Children's Hospital Private Limited;
3. Rosewalk Healthcare Private Limited;
4. Rainbow C R O Private Limited;
5. Rainbow Fertility Private Limited; and
6. Rainbow Speciality Hospitals Private Limited.

### Details of our Subsidiaries are below:

#### *Wholly owned Subsidiaries*

1. Rainbow Children's Hospital Private Limited ("RCHPL");

#### *Corporate Information*

RCHPL was incorporated as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated November 29, 2010, issued by the Registrar of Companies, Hyderabad. Its CIN is U85110TG2010PTC071424 and its registered office is situated at Plot No 22, Road No 10, Banjara Hills, Hyderabad, Telangana 500034.

#### *Nature of Business*

RCHPL carries on the business of, amongst other things, managing, constructing, administering, owning, acquiring, otherwise running hospitals, dispensaries, maternity homes, health centres, clinics and diagnostic centres for providing medical services, surgery and other allied services in all the branches, viz., allopathic, homeopathic, naturopathic, ayurvedic, and unani.

#### *Capital Structure*

The authorised share capital of RCHPL is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each, and its issued subscribed and paid up equity share capital is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

| Name of the Shareholder             | Number of equity shares held | Percentage of the total shareholding(%) |
|-------------------------------------|------------------------------|-----------------------------------------|
| Rainbow Children's Medicare Limited | 9,999                        | 99.99                                   |
| Dr Ramesh Kancharla*                | 1                            | 0.01                                    |
| <b>Total</b>                        | <b>10,000</b>                | <b>100.00</b>                           |

*\*Held in the capacity of the nominee of Rainbow Children's Medicare Limited*

2. Rainbow Women and Children's Hospital Private Limited ("RWCHPL")

#### *Corporate Information*

RWCHPL was incorporated as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated December 13, 2010, issued by the Registrar of Companies, Hyderabad. Its CIN is U85100TG2010PTC071633 and its registered office is situated at Plot No 22, Road No 10, Banjara Hills, Hyderabad, Telangana 500034.

#### *Nature of Business*

RWCHPL carries on the business of, amongst other things, managing, constructing, administering, owning, acquiring, otherwise running hospitals, dispensaries, maternity homes, health centres, clinics and diagnostic centres for providing medical services, surgery and other allied services in all the branches, viz., allopathic, homeopathic, naturopathic, ayurvedic, and unani.

### Capital Structure

The authorised share capital of RWCHPL is ₹ 5,000,000 divided into 500,000 equity shares of ₹ 10 each, and its issued subscribed and paid up equity share capital is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

### Shareholding of RWCHPL

| Name of the Shareholder             | Number of equity shares held | Percentage of the total shareholding(%) |
|-------------------------------------|------------------------------|-----------------------------------------|
| Rainbow Children's Medicare Limited | 9,999                        | 99.99                                   |
| Dr Ramesh Kancharla*                | 1                            | 0.01                                    |
| <b>Total</b>                        | <b>10,000</b>                | <b>100.00</b>                           |

\*Held in the capacity of the nominee of Rainbow Children's Medicare Limited

### 3. Rosewalk Healthcare Private Limited ("RHPL")

#### Corporate Information

RHPL was incorporated as a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated November 2, 2015 issued by the Registrar of Companies Hyderabad. Its CIN is U74900TG2015PTC139548 and its registered office is situated at H.No-8-2-120/103, 1 to 5 adjacent to RBS Bank, Banjara Hills, Hyderabad, Telangana 500034.

#### Nature of Business

RHPL carries on the business of, amongst other things, providing inpatient, outpatient and home care services to customers through establishing and operating hospitals, single, specialty centers, day care centers, OPD clinics, diagnostic centers, home care operations, etc.

### Capital Structure

The authorised share capital of RHPL is ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each, and its issued subscribed and paid up equity share capital is ₹ 43,173,770 divided into 4,317,377 equity shares of ₹ 10 each.

### Shareholding of RHPL

| Name of the Shareholder             | Number of equity shares held | Percentage of the total shareholding(%) |
|-------------------------------------|------------------------------|-----------------------------------------|
| Rainbow Children's Medicare Limited | 4,317,376                    | 99.99                                   |
| Dr Dinesh Kumar Chirla*             | 1                            | 0.01                                    |
| <b>Total</b>                        | <b>4,317,377</b>             | <b>100.00</b>                           |

\*Held in the capacity of the nominee of Rainbow Children's Medicare Limited

### 4. Rainbow C R O Private Limited ("RCPL")

#### Corporate Information

RCPL was incorporated as a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated November 14, 2019, issued by the Registrar of Companies, Hyderabad. Its CIN is U73200TG2019PTC136780 and its registered office is situated at 8-2-120/130, 1 to 5, adjacent to RBS Bank, Road No 2, Banjara Hills Hyderabad, Telangana 500034.

#### Nature of Business

RCPL carries on the business of, amongst other things, undertaking clinical research, trials for newly formulated medicines, discovery, improvement or development of new methods by diagnosis, understanding and prevention and treatment of disease, data management for clinical research, and providing all types of facilities, undertake projects in the area of tele- health and tele-medicine, generate and maintain patients' health records, hospital

records and data management for hospitals, develop and sell software for tele-health, tele-medicine and clinical research.

#### *Capital Structure*

The authorised share capital of RCPL is ₹ 1,000,000 divided into 100,000 equity shares of ₹ 10 each, and its issued subscribed and paid up equity share capital is ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each.

#### *Shareholding of RCPL*

| <b>Name of the Shareholder</b>      | <b>Number of equity shares held</b> | <b>Percentage of the total shareholding(%)</b> |
|-------------------------------------|-------------------------------------|------------------------------------------------|
| Rainbow Children's Medicare Limited | 9,999                               | 99.99                                          |
| Dr Dinesh Kumar Chirla*             | 1                                   | 0.01                                           |
| <b>Total</b>                        | <b>10,000</b>                       | <b>100.00</b>                                  |

*\*Held in the capacity of the nominee of Rainbow Children's Medicare Limited*

#### **5. Rainbow Fertility Private Limited ("RFPL")**

##### *Corporate Information*

RFPL was incorporated as a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated August 5, 2019, issued by the Registrar of Companies, Hyderabad. Its CIN is U85300TG2019PTC134600 and its registered office is situated at H.No-8-2-120/103, 1 to 5 adjacent to RBS Bank, Banjara Hills, Hyderabad, Telangana 500034.

##### *Nature of Business*

RFPL carries on the business of, amongst other things, establishing running, promoting, managing, constructing, administering, owning, acquiring, otherwise running specialty hospitals, maternity homes, health centers, clinics and diagnostic centers for providing medical services, surgeries and other allied services in all the branches including but not limited to InVitro Fertilization (IVF), fertility centres.

##### *Capital Structure*

The authorised share capital of RFPL is ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each, and its issued subscribed and paid up equity share capital is ₹ 45,000,000 divided into 4,500,000 equity shares of ₹ 10 each.

#### *Shareholding of RFPL*

| <b>Name of the Shareholder</b>      | <b>Number of equity shares held</b> | <b>Percentage of the total shareholding(%)</b> |
|-------------------------------------|-------------------------------------|------------------------------------------------|
| Rainbow Children's Medicare Limited | 4,499,999                           | 99.99                                          |
| Dr Dinesh Kumar Chirla*             | 1                                   | 0.01                                           |
| <b>Total</b>                        | <b>4,500,000</b>                    | <b>100.00</b>                                  |

*\*Held in the capacity of the nominee of Rainbow Children's Medicare Limited*

#### **Other Subsidiaries**

#### **6. Rainbow Speciality Hospitals Private Limited ("RSHPL")**

##### *Corporate Information*

RSHPL was incorporated as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated November 30, 2010, issued by the Registrar of Companies, Hyderabad. Its CIN is U85100TG2010PTC071461 and its registered office is situated at Plot No. 22, Road No. 10, Banjara Hills, Hyderabad-500034, Telangana

##### *Nature of Business*

RSHPL carries on the business of, amongst other things, managing, constructing, administering owning, acquiring, otherwise running hospitals, dispensaries, maternity homes, health centres, clinics and diagnostic centres for providing medical services, surgery and other allied services in all the branches viz., allopathic, homeopathic, naturopathic, ayurvedic, and unani.

### *Capital Structure*

The authorised share capital of RSHPL is ₹ 200,000,000 divided into 20,000,000 equity shares of ₹ 10 each, and its issued subscribed and paid up equity share capital is ₹ 180,000,000 divided into 18,000,000 equity shares of ₹ 10 each.

### *Shareholding of RSHPL*

| <b>Name of the Shareholder</b>      | <b>Number of equity shares held</b> | <b>Percentage of the total shareholding(%)</b> |
|-------------------------------------|-------------------------------------|------------------------------------------------|
| Rainbow Children's Medicare Limited | 14,185,247                          | 78.81                                          |
| Dr. Nageswar Rao Koneti             | 2,000,000                           | 11.11                                          |
| Dr. H Munipapa Chinnaswamy Reddy    | 964,753                             | 5.35                                           |
| D.S.P. Bhargavi                     | 250,000                             | 1.39                                           |
| Dr. Rama Krishna Konda              | 200,000                             | 1.11                                           |
| Dr. Shweta Nathani                  | 100,000                             | 0.56                                           |
| Shiva Kumar Kuppa                   | 50,000                              | 0.28                                           |
| Dr. Yogesh Jaigopal Bakhru          | 250,000                             | 1.39                                           |
| <b>Total</b>                        | <b>18,000,000</b>                   | <b>100.00</b>                                  |

### **Other confirmations**

#### **Accumulated profits or losses**

There are no accumulated profits or losses of any of our Subsidiaries, which are not accounted for by the Company.

#### **Listing**

None of our Subsidiaries are listed on any stock exchange in India or abroad. Further, neither have any of the securities of our Subsidiaries been refused listing during the last 10 years by any stock exchange in India or abroad, nor have any of our Subsidiaries failed to meet the listing requirements of any stock exchange in India or abroad.

#### **Business interest of our Subsidiaries in the Company**

Our Subsidiaries do not have any interest in our Company's business, other than as stated in 'Our Business' and 'Offer Document Summary- Summary of Related Party Transactions' on pages 174 and 19, respectively.

#### **Common pursuits**

Based on the business activities undertaken by our Subsidiaries, there are certain common pursuits amongst our Subsidiaries and our Company.

However, our Subsidiaries do not compete with our Company and, accordingly, there is no conflict of interest between our Company and our Subsidiaries. Further, our Company and our Subsidiaries will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise.



**Other confirmations**

As on the date of this Draft Red Herring Prospectus, no Subsidiaries of our Company have availed of unsecured loans that can be recalled by the lenders at any time.

As on the date of this Draft Red Herring Prospectus, there has been no default in repayment of deposits or payment of interest or rollover of liability by any of the Subsidiaries.

## OUR MANAGEMENT

In terms of the Companies Act and the Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors, provided that our Shareholders may appoint more than 15 Directors upon passing a special resolution to that effect, in a general meeting.

As on the date of this Draft Red Herring Prospectus, our Board comprises six Directors including our Chairman and Managing Director, one Whole-time Director, and four Independent Directors, one of whom is a woman. Our Company is in compliance with the requirements of the applicable regulations in respect of corporate governance in accordance with the SEBI Listing Regulations, Companies Act and the SEBI ICDR Regulations, pertaining to the constitution of the Board and committees thereof and formulation and adoption of policies. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of SEBI Listing Regulations and the Companies Act, 2013.

The following table sets forth the details of our Board as of the date of this Draft Red Herring Prospectus:

| Sr. No. | Name, designation, date of birth, address, occupation, current term, period of directorship and DIN                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Age (years) | Other directorships                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | <p><b>Dr. Ramesh Kancharla</b></p> <p><b>Designation:</b> Chairman and Managing Director</p> <p><b>Date of Birth:</b> June 23, 1961</p> <p><b>Address:</b> Plot No. 41, Road No. 7, Film Nagar Phase 2, Jubilee Hills, Shaikpet, Hyderabad – 500 033, Telangana</p> <p><b>Occupation:</b> Doctor</p> <p><b>Current term:</b> Appointed on August 11, 2021 as the Chairman and Managing Director till the date of Annual General Meeting to be held for the financial year 2026</p> <p><b>Period of Directorship:</b> Since August 7, 1998</p> <p><b>DIN:</b> 00212270</p>                         | 60          | <p><b><u>Indian Companies:</u></b></p> <p><b><u>Private Companies:</u></b></p> <ol style="list-style-type: none"> <li>Nexgen Diagnosys India Private Limited;</li> <li>Orange Corporation Private Limited;</li> <li>Rainbow Advanced Health Sciences Private Limited;</li> <li>Rainbow Children’s Hospital Private Limited;</li> <li>Rainbow Fertility Private Limited;</li> <li>Rainbow Speciality Hospitals Private Limited; and</li> <li>Rainbow Women &amp; Children’s Hospital Private Limited.</li> </ol> |
| 2.      | <p><b>Dr. Dinesh Kumar Chirla</b></p> <p><b>Designation:</b> Whole-time Director</p> <p><b>Date of Birth:</b> December 19, 1969</p> <p><b>Address:</b> Khajaguda Village, Villa 38 Nanakramguda Road Lalitha Bloom Field Near Oakridge International School Serilingampally, Hyderabad 500 008, Telangana</p> <p><b>Occupation:</b> Doctor</p> <p><b>Current term:</b> Appointed on August 11, 2021 as the Whole-time Director till the date of Annual General Meeting to be held for the year 2026</p> <p><b>Period of Directorship:</b> Since December 14, 2005</p> <p><b>DIN:</b> 01395841</p> | 52          | <p><b><u>Indian Companies:</u></b></p> <p><b><u>Private Companies:</u></b></p> <ol style="list-style-type: none"> <li>Rainbow Advanced Health Sciences Private Limited;</li> <li>Rainbow Children’s Hospital Private Limited</li> <li>Rainbow Fertility Private Limited;</li> <li>Rainbow Speciality Hospitals Private Limited;</li> <li>Rainbow Women &amp; Children’s Hospital Private Limited; and</li> <li>Rosewalk Healthcare Private Limited.</li> </ol>                                                  |

| Sr. No. | Name, designation, date of birth, address, occupation, current term, period of directorship and DIN                                                                                                                                                                                                                                                                                                                                                                   | Age (years) | Other directorships                                                                                                                                                                                                                                                                                                                                                                                    |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.      | <p><b>Aluri Srinivasa Rao</b><br/> <b>Designation:</b> Independent Director</p> <p><b>Date of Birth:</b> February 13, 1965</p> <p><b>Address:</b> Aparna Shangrila, Villa 13, Gowlidoddi, Gachibowli, Hyderabad – 500 032, Telangana</p> <p><b>Occupation:</b> Investment Banker</p> <p><b>Current term:</b> Appointed on March 15, 2019 as an Independent Director</p> <p><b>Period of Directorship:</b> Since March 15, 2019</p> <p><b>DIN:</b> 00147058</p>        | 56          | <p><b><u>Indian Companies:</u></b></p> <p><b><u>Private Companies:</u></b></p> <ol style="list-style-type: none"> <li>1. Gallusgen Private Limited;</li> <li>2. Janaadhar (India) Private Limited;</li> <li>3. Jiva Sciences Private Limited;</li> <li>4. Medisys Edutech Private Limited;</li> <li>5. Qunu Labs Private Limited; and</li> <li>6. Tropical Animal Genetics Private Limited.</li> </ol> |
| 4.      | <p><b>Dr. Anil Dhawan</b><br/> <b>Designation:</b> Independent Director</p> <p><b>Date of Birth:</b> November 7, 1961</p> <p><b>Address:</b> 7 Hitherwood Drive Norwood, London – SE191XA, United Kingdom</p> <p><b>Occupation:</b> Professor</p> <p><b>Current term:</b> Appointed on August 30, 2018 as an Independent Director</p> <p><b>Period of Directorship:</b> Since August 30, 2018</p> <p><b>DIN:</b> 08191702</p>                                         | 60          | <p><b><u>Foreign Companies:</u></b></p> <ol style="list-style-type: none"> <li>1. Heprevive Ltd;</li> <li>2. King's Commercial Services;</li> <li>3. PHA associates Ltd; and</li> <li>4. Specialist Mediconnect.</li> </ol>                                                                                                                                                                            |
| 5.      | <p><b>Sundari Raviprasad Pisupati</b><br/> <b>Designation:</b> Independent Director</p> <p><b>Date of Birth:</b> May 6, 1971</p> <p><b>Address:</b> H.No: 14, Vasantha Valley, Phase II, Whitefields Kondapur, Rangareddy – 500 084, Telangana</p> <p><b>Occupation:</b> Lawyer</p> <p><b>Current term:</b> Appointed on September 16, 2021 as an Independent Director</p> <p><b>Period of Directorship:</b> Since September 16, 2021</p> <p><b>DIN:</b> 01908852</p> | 50          | <p><b><u>Indian Companies:</u></b></p> <p><b><u>Private Companies:</u></b></p> <ol style="list-style-type: none"> <li>1. Elvira Life Sciences Private Limited</li> </ol> <p><b><u>Public Companies:</u></b></p> <ol style="list-style-type: none"> <li>1. Eugia Pharma Specialities Limited; and</li> <li>2. Ocean Sparkle Limited.</li> </ol>                                                         |
| 6.      | <p><b>Santanu Mukherjee</b><br/> <b>Designation:</b> Independent Director</p> <p><b>Date of Birth:</b> December 29, 1956</p> <p><b>Address:</b> Flat No. 303, 3<sup>rd</sup> Floor, E-Tower, My Home Abhra, Opp Inorbit Mall, Raidurg Sherlingampally, Gachibowli, K.V. Rangareddy – 500 032, Telangana</p>                                                                                                                                                           | 64          | <p><b><u>Indian Companies:</u></b></p> <p><b><u>Private Companies:</u></b></p> <ol style="list-style-type: none"> <li>1. Aeries Financial Technologies Private Limited;</li> <li>2. Fairmoney Financial Services Private Limited; and</li> </ol>                                                                                                                                                       |

| Sr. No. | Name, designation, date of birth, address, occupation, current term, period of directorship and DIN                                                                                                                  | Age (years) | Other directorships                                                                                                                                                                                                                                                                                       |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | <p><b>Occupation:</b> Professional</p> <p><b>Current term:</b> Appointed on October 22, 2021 as an Independent Director</p> <p><b>Period of Directorship:</b> Since October 22, 2021</p> <p><b>DIN:</b> 07716452</p> |             | <p>3. Fairmoney Technology Private Limited.</p> <p><u>Public Companies:</u></p> <ol style="list-style-type: none"> <li>1. Bandhan Bank Limited;</li> <li>2. Muthoot Housing Finance Company Limited;</li> <li>3. Sumedha Fiscal Services Limited; and</li> <li>4. Suven Life Sciences Limited.</li> </ol> |

### Brief profiles of our Directors

**Dr. Ramesh Kancharla** is the Chairman and Managing Director of our Company. He holds a Bachelor of Medicine and Bachelor of Surgery (“**MBBS**”) from Sri Venkateswara University and a Doctor in Medicine (“**MD**”) in paediatrics from Mangalore University. He is a member of the Royal Colleges of Physicians of the United Kingdom. He has over 23 years of experience with our Company. Prior to setting up our Company, he was associated with King’s College Hospital, where he completed his specialist training in paediatric gastroenterology, hepatology and nutrition. He is awarded with the Lifetime Achiever of the Year in Pediatric Gastroenterology & Hepatology by Times of India in the year 2017 and the award for the best healthcare professional at the Telangana’s Best Healthcare Professional Awards, 2017. In 2018 he was awarded the Entrepreneur of the Year award by the Sakshi Media Group.

**Dr. Dinesh Kumar Chirla** is the Whole-time Director of our Company. He holds a MBBS degree from Marathwada University, Doctor of Medicine in paediatrics from Dr. Babasaheb Ambedkar Marathwada University, Doctor of Medicine in Neonatology from the University of Mumbai. He is a member of the Royal College of Paediatrics and Child Health, London. He is on the Specialist Register in Neonatology at the Specialist Training Authority of the Medical Royal Colleges, London and was a fellow in Neonatology at Mercy Hospital for Women. He was also a Clinical Fellow (Specialist Registrar) in the Paediatric Intensive Care Unit at the United Bristol Healthcare NHS Trust. He has over 18 years of experience in the healthcare industry. He is elected as a Fellow of National Neonatology Forum and is awarded with the Best Paediatric Neonatologist at “The Doctors Awards – 2019, Doctors The Living Gods.”

**Aluri Srinavasa Rao** is an Independent Director of our Company. He was appointed to our Board on March 15, 2019. He holds a Bachelor of Pharmacy (Honours) from the Birla Institute of Technology & Science, Pilani, and a Master of Business Administration (“**MBA**”) from Osmania University, Hyderabad. He has completed Global Executive Leadership Program from Yale School of Management and has completed Master of Science in Management from University of London, London Business School. He has over 22 years of experience. He has worked at Natco Pharma Limited in several capacities. He has also headed the operations as the Managing Director at Morgan Stanley Private Equity Asia and has also worked at ICICI Venture. He also serves as a member of the Board of several pharmaceutical companies like Medisys Eductech Private Limited, Qunu Labs Private Limited, Janaadhar (India) Private Limited.

**Dr. Anil Dhawan** is an Independent Director of our Company. He was appointed to our Board on August 30, 2018. He has passed his MBBS exam from the Himachal Pradesh University and has been awarded with the Shri Devi Chand Memorial Gold Medal and the Dr. Kranti Mohan Sharma Memorial Prize for securing first position in MBBS. He also holds a degree of MD in paediatrics from the Post Graduate Institute of Medical Education and Research (PGIMER), Chandigarh. He passed the examination of Educational Commission for Foreign Medical Graduates. He has over 25 years of experience in the Healthcare Industry. He worked as paediatric hepatologist at Kings College Hospital, London UK. Presently, He is director of Paediatric Liver GI and Nutrition Kings College Hospital, London UK.

**Sundari Raviprasad Pisupati** is an Independent Director of our Company. She was appointed to our Board on September 16, 2021. She holds a Bachelor of Laws degree from the The National Law School of India University, Bangalore, where she was the university topper and gold medallist. She also holds a Masters in Law degree from Columbia University School of Law, New York. She is a licensed lawyer in New York and India. She has over 27 years of experience as a lawyer in India and is qualified to practice in the USA and has handled a variety of large corporate and commercial transactions involving domestic and international clients. She advises companies in various industry verticals such as information technology, financial services, domestic and international funds, angel funds, venture capital, infrastructure, biotechnology and pharmaceutical companies among others. She has been enlisted in the Legal Powerlist 2020 as one of the Top Individual Lawyers and has also received the Certificate of Excellence under “25 Most Trusted Corporate Legal Consultant to Watch in 2019” by Startup City.

**Santanu Mukherjee** is an Independent Director of our Company. He was appointed to our Board on October 22, 2021. He holds a Bachelor of Science (Honours) degree from the University of Calcutta. He is a certified associate of the Indian Institute of Bankers. He has over 37 years of experience in the banking sector. He was the Managing Director of State Bank of Hyderabad, headed the French operations of State Bank of India in Paris, and prior to that worked in various important positions within the bank. He is also a member of the Board of Governors of the Institute of Management Technology, Hyderabad. He also serves as a member of the Board of several companies like Bandhan Bank Limited, Muthoot Housing Finance Company Limited, Suven Life Sciences Limited, etc.

### Relationship amongst our Directors

None of our Directors are related to each other.

### Confirmations

None of our Directors is or was a director of any company listed on any stock exchange, whose shares have been or were suspended from being traded during the five years preceding the date of this Draft Red Herring Prospectus, during the term of his/her directorship in such company.

None of our Directors is, or was a director of any listed company, which has been or was delisted from any stock exchange, during the term of his/her directorship in such company.

### Arrangement or understanding with major Shareholders, customers, suppliers or others

There is no arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed as a Director or member of senior management.

### Service contracts with Directors

Our Company has entered into employment agreements dated December 1, 2021 (“**Agreement**”) with each of Dr. Ramesh Kancharla, Chairman and Managing Director and Dr. Dinesh Kumar Chirla, Whole-time Director respectively which provides for their fixed salary and perquisites.

### Terms of appointment of Executive Directors

#### a) Dr. Ramesh Kancharla:

Dr. Ramesh Kancharla has been the Chairman and Managing Director of our Company since August 7, 1998. Pursuant to the Nomination and Remuneration Committee resolution dated November 27, 2021, the Board resolution dated November 27, 2021, and the Shareholders resolution dated November 30, 2021, his contract was renewed for a period of three years with effect from December 1, 2021. The details of the remuneration approved by the Board and the Shareholders pursuant to their resolutions dated November 27, 2021 and November 30, 2021 respectively and the Agreement are set out below:

|                     |                           |            |                                                                                                                              |
|---------------------|---------------------------|------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>Fixed Salary</b> | ₹ 65.00 million per annum |            |                                                                                                                              |
| <b>Perquisites</b>  | <b>as</b>                 | <b>per</b> | Standard perquisites of car, driver, medical, insurance, club membership and other benefits as per the policy of our Company |
| <b>Agreement</b>    |                           |            |                                                                                                                              |

The remuneration paid to Dr. Ramesh Kancharla in FY 2021 was ₹ 78.07 million. The remuneration paid does not include standard perquisites of car, driver, medical, insurance, club membership and other benefits as per the policy of our Company and an incentive in addition to the fixed amount.

**b) Dr. Dinesh Kumar Chirla**

Dr. Dinesh Kumar Chirla has been a Whole-time Director of our Company since June 29, 2013. Pursuant to the Nomination and Remuneration Committee resolution dated November 27, 2021, the Board resolution dated November 27, 2021, and the Shareholders resolution dated November 30, 2021, his employment contract was renewed for a period of three years with effect from December 1, 2021. The details of professional fees and perquisites approved by the Board and the Shareholders pursuant to their resolutions dated November 27, 2021 and November 30, 2021 respectively and the Agreement are set out below:

|                                     |                                                                                                                              |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>Professional fees</b>            | Based on actual earning not exceeding ₹ 5 million per month                                                                  |
| <b>Perquisites as per Agreement</b> | Standard perquisites of car, driver, medical, insurance, club membership and other benefits as per the policy of our Company |

The remuneration paid to Dr. Dinesh Kumar Chirla in FY 2021 was ₹ 11.20 million. The remuneration paid does not include standard perquisites of car, driver, medical, insurance, club membership and other benefits as per the policy of our Company.

**Commission and sitting fees paid to the Independent Directors**

The Board, by way of its resolution dated July 10, 2020, approved payment of commission of ₹ 0.60 million to each of the Independent Directors of our Company. Aluri Srinivasa Rao and Dr. Anil Dhawan, our Independent Directors, were each paid commission amounting to ₹ 0.60 million in FY 2021. Further, Yugandhar Meka, one of our former Independent Directors was also paid a commission amounting to ₹ 0.60 million in FY 2021.

Further, the Shareholders, by way of their resolution dated November 3, 2021, approved commission of ₹ 1.00 million to each of the Independent Directors.

Pursuant to Board resolution dated October 22, 2021, each Independent Director is entitled to receive sitting fees of ₹50,000 for attending each meeting of our Board and any committee of our Board.

The details of the sitting fees paid to the Independent Directors during Fiscal 2021 are disclosed below:

| S. No. | Name of Director    | Sitting fees paid (₹ in million) |
|--------|---------------------|----------------------------------|
| 1.     | Aluri Srinivasa Rao | 0.15                             |
| 2.     | Dr. Anil Dhawan     | 0.10                             |
| 3.     | Mr. Yugandhar Meka  | 0.20                             |

**Payments or benefits to Executive Directors of our Company**

Other than as disclosed below, our Company has not paid any compensation or granted any benefit to any of our Directors (including contingent or deferred compensation) in all capacities in FY 2021. Further, there is no contingent or deferred compensation payable to any of our Directors which accrued in FY 2021.

In FY 2021, our Company has paid an amount of ₹ 78.07 million (including variable fee) and ₹ 11.20 million as remuneration to Dr. Ramesh Kancharla and Dr. Dinesh Kumar Chirla respectively. Further, Dr. Dinesh Kumar Chirla has been paid professional fee of ₹ 13.59 million and Dr. Ramesh Kancharla has been paid ₹ 0.34 million as reimbursement for expenditure incurred on behalf of KMPs.

**Remuneration paid by our Subsidiaries**

None of our Directors have been paid any remuneration from our Subsidiaries, including contingent or deferred compensation accrued for the year during Fiscal 2021.

**Shareholding of the Directors in our Company**

Our Articles of Association do not require our Directors to hold qualification shares. The table below sets forth

details of Equity Shares held by the Directors as on date of this Draft Red Herring Prospectus:

| Sr. No. | Name of the Director    | Number of equity shares held | Percentage of pre-Offer Equity Share Capital* |
|---------|-------------------------|------------------------------|-----------------------------------------------|
| 1.      | Dr. Ramesh Kancharla    | 36,849,284                   | 39.18                                         |
| 2.      | Dr. Dinesh Kumar Chirla | 8,560,000                    | 9.10                                          |

\*Excludes the impact of conversion of Series A CCPS and Series B CCPS.

### **Borrowing Powers**

Pursuant to our Articles of Association and applicable provisions of the Companies Act and pursuant to a resolution passed in the AGM held on August 11, 2021 our Board has been authorised to borrow any sum or sums of money from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company in the ordinary course of business, may exceed the aggregate of the paid up share capital, free reserves and securities premium of the Company, provided however that the total amount so borrowed by the Board shall not exceed ₹ 1,500 million.

### **Bonus or profit-sharing plan for our Directors**

Our Company does not have any performance linked bonus or a profit-sharing plan for our Directors.

### **Interest of Directors**

All our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them, as well as the sitting fees and commission, if any, payable to them for attending meetings of our Board and/or committees thereof as approved by our Board/ Shareholders, the reimbursement of expenses payable to them, as approved by our Board.

Our Directors, Dr. Ramesh Kancharla and Dr. Dinesh Kumar Chirla may also be interested to the extent of their respective shareholding in our Company and to the extent of any dividend payable to them and other distributions in respect of such shareholding and to the extent of Equity Shares, if any, that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Offer.

Our Directors do not have any interest in any property acquired or proposed to be acquired of or by our Company.

### **Interest in promotion or formation of our Company**

Except for Dr. Ramesh Kancharla and Dr. Dinesh Kumar Chirla, who are the Promoters of our Company, none of our Directors are interested in the promotion or formation of our Company.

No loans have been availed by our Directors from our Company.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/ her to become, or to qualify him/ her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company which is promoted by them or in which they hold directorships or any partnership firm in which they are partners.

Our Directors do not have any interest in any property acquired or proposed to be acquired by our Company in the three years preceding the date of this Draft Red Herring Prospectus.

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce any of our Directors to become or to help any of them qualify as a Director, or otherwise for services rendered

by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

Further, except as disclosed in ‘Offer Document Summary- Summary of Related Party Transactions’ on page 19, our Directors do not have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

### **Business interest**

Except as stated in ‘Offer Document Summary- Summary of Related Party Transactions’ on page 19, our Directors do not have any other interest in our Company or in any transaction by our Company.

### **Changes to our Board in the last three years**

| <b>Name of Director</b>     | <b>Date of appointment/ change in designation/ cessation</b> | <b>Reason</b>                        |
|-----------------------------|--------------------------------------------------------------|--------------------------------------|
| Nagarajan Srinivasa         | December 9, 2021                                             | Resigned as a Nominee Director       |
| Ashish Ahluwalia            | December 9, 2021                                             | Resigned as a Nominee Director       |
| Santanu Mukherjee           | October 22, 2021                                             | Appointed as an Independent Director |
| Sundari Raviprasad Pisupati | September 16, 2021                                           | Appointed as an Independent Director |
| Yugandhar Meka              | September 16, 2021                                           | Resigned as an Independent Director  |
| Aluri Srinivasa Rao         | March 15, 2019                                               | Appointed as an Independent Director |
| K.B.R Menon                 | March 15, 2019                                               | Resigned as a Director               |
| Ranjana Kumar               | March 15, 2019                                               | Resigned as a Director               |

### **Corporate Governance**

The provisions of the Companies Act along with the SEBI Listing Regulations, with respect to corporate governance, will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations in respect of corporate governance in accordance with the SEBI Listing Regulations, Companies Act and the SEBI ICDR Regulations, pertaining to the constitution of the Board and committees thereof and formulation and adoption of policies. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of SEBI Listing Regulations and the Companies Act, 2013.

### **Committees of our Board**

Our Board has constituted the following committees of the Board in terms of the SEBI Listing Regulations and the Companies Act:

- (a) Audit Committee;
- (b) Nomination and Remuneration Committee;
- (c) Stakeholders’ Relationship Committee;
- (d) Risk Management Committee;
- (e) Corporate Social Responsibility Committee; and
- (f) IPO Committee.

In addition to the above, our Board of Directors may, from time to time, constitute committees to delegate certain powers for various functions, in accordance with applicable laws.



### **Audit committee**

The Audit committee was constituted by a resolution of our Board at their meeting held on October 22, 2021. The Audit committee currently comprises the following members:

| <b>Name of Director</b>     | <b>Position in the Committee</b> |
|-----------------------------|----------------------------------|
| Santanu Mukherjee           | Chairman                         |
| Aluri Srinivasa Rao         | Member                           |
| Sundari Raviprasad Pisupati | Member                           |
| Dr. Anil Dhawan             | Member                           |

The scope and function of the Audit committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations and its terms of reference are as follows:

- (i) The Audit Committee shall have powers, which should include the following:
  - (a) To investigate any activity within its terms of reference;
  - (b) To seek information from any employee of the Company;
  - (c) To obtain outside legal or other professional advice;
  - (d) To secure attendance of outsiders with relevant expertise if it considers necessary; and
  - (e) Such powers as may be prescribed under the Companies Act and SEBI Listing Regulations.
- (ii) The role of the Audit Committee shall include the following:
  - (a) Oversight of the Company's financial reporting process, examination of the financial statements and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - (b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;
  - (c) Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;
  - (d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    - (i) Matters required to be 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;
    - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
    - (iii) Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
    - (iv) Significant adjustments made in the financial statements arising out of audit findings;
    - (v) Compliance with listing and other legal requirements relating to financial statements;
    - (vi) Disclosure of any related party transactions; and
    - (vii) Qualifications / modified opinion(s) in the draft audit report.
  - (e) Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the board for approval;
  - (f) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the issue document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - (g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

- (h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;
- (i) Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

**Explanation:** The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

- (j) Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
- (k) Scrutiny of inter-corporate loans and investments;
- (l) Undertaking or supervising valuation of undertakings or assets of the company, wherever it is necessary;
- (m) Evaluation of internal financial controls and risk management systems;
- (n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (o) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (p) Discussion with internal auditors of any significant findings and follow up thereon;
- (q) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (r) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (s) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (t) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- (u) Reviewing the functioning of the whistle blower mechanism;
- (v) Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
- (w) Carrying out any other functions as provided under the provisions of the Companies Act, the SEBI Listing Regulations and other applicable laws;
- (x) To formulate, review and make recommendations to the Board to amend the Terms of Reference of Audit Committee from time to time;
- (y) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- (z) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

- (aa) Reviewing the utilization of loans and/or advances from/investment by the Company in the subsidiaries exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
  - (bb) To consider and comment on rationale, cost- benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders and;
  - (cc) Carrying out any other functions as may be required / mandated and/or delegated by the Board as per the provisions of the Companies Act, 2013, SEBI Listing Regulations, uniform listing agreements and/or any other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.”
- (iii) The Audit Committee shall mandatorily review the following information:
- (a) Management’s discussion and analysis of financial condition and results of operations;
  - (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;
  - (c) Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;
  - (d) Internal audit reports relating to internal control weaknesses;
  - (e) The appointment, removal and terms of remuneration of the chief internal auditor;
  - (f) Statement of deviations:
    - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
    - ii. annual statement of funds utilised for purposes other than those stated in the issue document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations;
  - (g) To review the financial statements, in particular, the investments made by any unlisted subsidiary; and
  - (h) Such information as may be prescribed under the Companies Act and SEBI Listing Regulations.

#### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted by a resolution of our Board at their meeting held on August 13, 2013 and was re-constituted by our Board at their meeting held on October 22, 2021. The Nomination and Remuneration committee currently comprises the following members:

| <b>Name of Director</b>     | <b>Position in the Committee</b> |
|-----------------------------|----------------------------------|
| Aluri Srinivasa Rao         | Chairman                         |
| Sundari Raviprasad Pisupati | Member                           |
| Dr. Anil Dhawan             | Member                           |
| Santanu Mukherjee           | Member                           |

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act read with Regulation 19 of the SEBI Listing Regulations and its terms of reference are as follows:

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
  - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting the short and long term performance objectives appropriate to the working of the Company and its goals.
- (b) Formulation of criteria for evaluation of performance of independent directors and the Board;
- (c) Devising a policy on Board diversity;
- (d) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- (e) Analysing, monitoring and reviewing various human resource and compensation matters, including the compensation strategy;
- (f) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any other compensation payment;
- (g) Recommending the remuneration, in whatever form, payable to non-executive directors and the senior management personnel and other staff (as deemed necessary);
- (h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- (i) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (j) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (k) Administering the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("**ESOP Scheme**") including the following:
- i. Determining the eligibility of employees to participate under the ESOP Scheme;
  - ii. Determining the quantum of options to be granted under the ESOP Scheme per employee and in aggregate;
  - iii. Date of grant;
  - iv. Determining the exercise price of the options under the ESOP Scheme;
  - v. The conditions under which options may vest in employee and may lapse in case of termination of employment for misconduct;
  - vi. The exercise period within which the employee should exercise the options and that option would lapse on failure to exercise the options within the exercise period;
  - vii. The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
  - viii. The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - ix. Re-pricing of the options which are not exercised, whether or not they have been vested if stock options rendered unattractive due to fall in the market price of the equity shares;
  - x. The grant, vest and exercise of options in case of employees who are on long leave;
  - xi. Allow exercise of unvested options on such terms and conditions as it may deem fit;
  - xii. The procedure for cashless exercise of options;

xiii. Forfeiture/ cancellation of options granted;  
 xiv. Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:

- the number and the price of stock options shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;
- for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the employee who is granted such options.

- (l) Construing and interpreting the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan (“**ESOP Scheme**”) and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme;
- (m) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
- a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
  - b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended,

by the Company and its employees, as applicable;

- (n) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee; and
- (o) Such terms of reference as may be prescribed under the Companies Act, SEBI Listing Regulations or other applicable laws or by any other regulatory authority.

#### ***Stakeholders’ Relationship Committee***

The Stakeholders’ Relationship Committee was constituted by a resolution of our Board at their meeting held on October 22, 2021. The Stakeholders’ Relationship Committee currently comprises the following members:

| <b>Name of Director</b>     | <b>Position in the Committee</b> |
|-----------------------------|----------------------------------|
| Sundari Raviprasad Pisupati | Chairperson                      |
| Dr. Anil Dhawan             | Member                           |
| Aluri Srinivasa Rao         | Member                           |
| Dr. Ramesh Kancharla        | Member                           |

The scope and function of the Stakeholders’ Relationship Committee is in accordance with Section 178 of the Companies Act, and Regulation 20 of the SEBI Listing Regulations and its terms of reference are as follows:

- (a) Redressal of all security holders’ and investors’ grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, dematerialisation and re-materialisation of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., assisting with quarterly reporting of such complaints and formulating procedures in line with statutory guidelines to ensure speedy disposal of various requests received from shareholders;
- (b) Reviewing of measures taken for effective exercise of voting rights by shareholders;
- (c) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

- (d) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
- (e) Reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- (f) Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of our Company and to recommend measures for overall improvement in the quality of investor services;
- (g) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority;
- (h) To approve allotment of shares, debentures or any other securities as per the authority conferred / to be conferred to the Committee by the Board of Directors from time to time;
- (i) To approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name, dematerialization, rematerialisation etc. of shares, debentures and other securities;
- (j) To monitor and expedite the status and process of dematerialization and rematerialisation of shares, debentures and other securities of the Company; and
- (k) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

#### ***Risk Management Committee***

The Risk Management Committee was constituted by a resolution of our Board at their meeting held on June 18, 2014 and was re-constituted by our Board at their meeting held on October 22, 2021. The Risk Management Committee currently comprises the following members:

| <b>Name of Director</b> | <b>Position in the Committee</b> |
|-------------------------|----------------------------------|
| Santanu Mukherjee       | Chairman                         |
| Dr. Ramesh Kancharla    | Member                           |
| Aluri Srinivasa Rao     | Member                           |
| Mahesh Madduri          | Member                           |
| R. Gowrisankar          | Member                           |

The terms of reference of the Risk Management Committee are as follows:

- (a) To periodically review the risk management policy at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (b) To formulate a detailed risk management policy covering risk across functions and plan integration through training and awareness programmes;
- (c) The policy shall include:
  1. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, environment, social and governance related risks), information, cyber security risks or any other risk as may be determined by the committee;
  2. Measures for risk mitigation including systems and processes for internal control of identified risks;
  3. Business continuity plan.

- (d) To approve the process for risk identification and mitigation;
- (e) To decide on risk tolerance and appetite levels, recognizing contingent risks, inherent and residual risks including for cyber security;
- (f) To monitor the Company's compliance with the risk structure. Assess whether current exposure to the risks it faces is acceptable and that there is an effective remediation of non-compliance on an on-going basis;
- (g) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (h) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (i) To approve major decisions affecting the risk profile or exposure and give appropriate directions;
- (j) To consider the effectiveness of decision making process in crisis and emergency situations;
- (k) To balance risks and opportunities;
- (l) To generally, assist the Board in the execution of its responsibility for the governance of risk;
- (m) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (n) To consider the appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Risk Management Committee;
- (o) The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- (p) The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors;
- (q) To attend to such other matters and functions as may be prescribed by the Board from time to time; and
- (r) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

#### **Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee was constituted by a resolution of our Board at their meeting held on March 19, 2014 and was reconstituted by our Board at their meeting dated October 22, 2021. The Corporate Social Responsibility Committee currently comprises the following members:

| <b>Name of Director</b>     | <b>Position in the Committee</b> |
|-----------------------------|----------------------------------|
| Dr. Anil Dhawan             | Chairman                         |
| Sundari Raviprasad Pisupati | Member                           |
| Santanu Mukherjee           | Member                           |
| Dr. Ramesh Kancharla        | Member                           |
| Dr. Dinesh Kumar Chirla     | Member                           |

The terms of reference of the Corporate Social Responsibility & Environmental, Social, and Governance Committee framed in accordance with Section 135 of the Companies Act, are as follows:

- (a) To formulate and recommend to the Board, a corporate social responsibility policy stipulating, amongst others, the guiding principles for selection, implementation and monitoring the activities as well as formulation of the annual action plan which shall indicate the activities to be undertaken by the Company

as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board, The annual action plan shall include the following:

- (i) the list of corporate social responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;
  - (ii) the manner of execution of such projects or programmes as specified in the rules notified under the Companies Act;
  - (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
  - (iv) monitoring and reporting mechanism for the projects or programmes; and details of need and impact assessment, if any, for the projects undertaken by the Company.
- (b) Recommending the amount of expenditure to be incurred, which should be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years;
  - (c) To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
  - (d) To review and recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
  - (e) To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
  - (f) To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
  - (g) To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act;
  - (h) To take note of the progress made by implementing agency (if any) appointed for the corporate social responsibility of the Company; and
  - (i) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

#### ***IPO Committee***

The IPO Committee was constituted by a resolution of our Board dated September 16, 2021 and was reconstituted by our Board at their meeting dated December 9, 2021. The IPO Committee currently comprises the following members:

| <b>Name of Director</b> | <b>Position in the Committee</b> |
|-------------------------|----------------------------------|
| Dr, Ramesh Kancharla    | Chairman                         |
| Dr. Dinesh Kumar Chirla | Member                           |
| Mr. Aluri Srinivasa Rao | Member                           |

The IPO Committee has been authorized to approve and decide upon all activities in connection with the Offer, including, but not limited to, to approve this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, to decide the terms and conditions of the Offer, to appoint various intermediaries, negotiating and executing Offer related agreements and to submit applications and documents to relevant statutory and other authorities from time to time. The terms of reference of the IPO Committee are as follows:

- (i) To decide along with Dr. Ramesh Kancharla (acting on behalf of the Promoter Selling



Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMS, the size, timing, pricing and all other terms and conditions of the issue and transfer of the Equity Shares for the Offer, including the number of Equity Shares to be offered pursuant to the Offer (including any reservation, green shoe option and any rounding off in the event of oversubscription) price and any discount allowed under Applicable Laws that may be fixed and determined in accordance with the Applicable Laws, and to accept any amendments, modifications, variations, or alterations thereto;

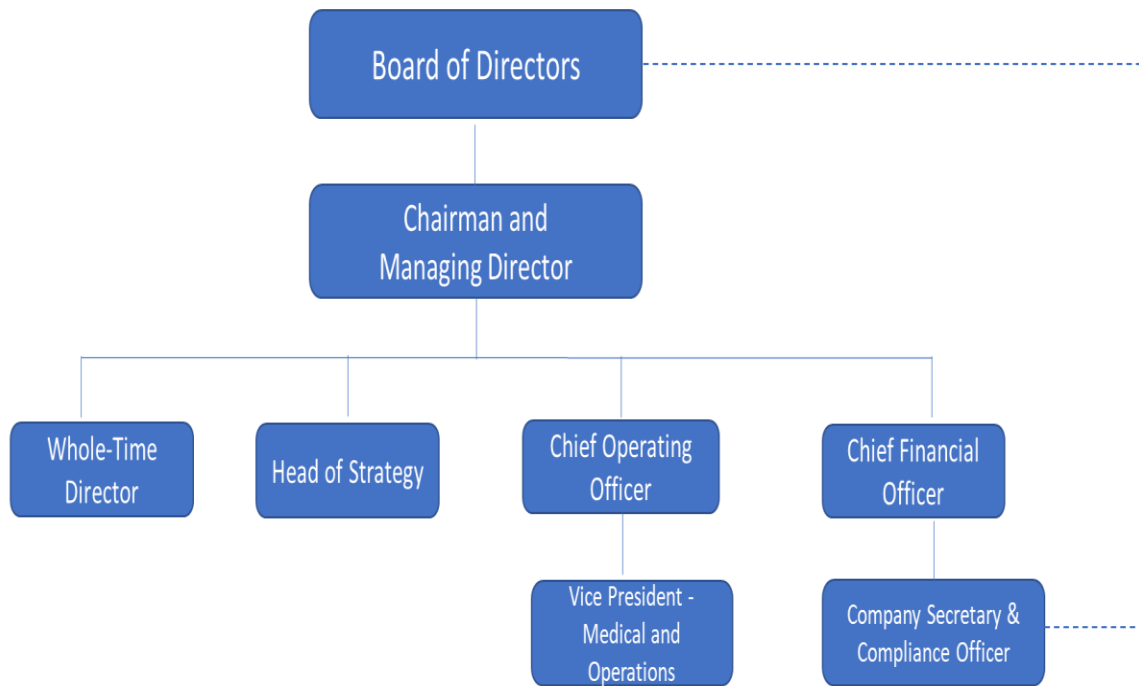
- (ii) To amend the terms of participation by the Selling Shareholders in the Offer for Sale, including to allow revisions in the Offer for Sale portion, in accordance with Applicable Laws;
- (iii) To decide, negotiate and finalize, in consultation with the BRLMs, all matters regarding the Pre-IPO Placement, if any, including entering into discussions and execution of all relevant documents with Investors;
- (iv) To make applications to seek clarifications and obtain approvals from, where necessary, the SEBI, the Reserve Bank of India and any other governmental or statutory/regulatory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;
- (v) To invite the existing shareholders of the Company to participate in the Offer by offering for sale the Equity Shares held by them at the same price as in the Offer;
- (vi) all actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the Price Band, in accordance with the Applicable Laws;
- (vii) To appoint, instruct and enter into arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, advisors to the Offer, escrow collection bank(s) to the Offer, registrars to the Offer, sponsor bank, refund bank(s) to the Offer, public issue account bank(s) to the Offer, auditors to the Offer, grading agencies, industry expert, depositories, printers, monitoring agency, advertising agencies, legal counsel and any other agencies or persons or intermediaries to the Offer and to negotiate and finalise and amend the terms of their appointment, including but not limited to execution of the BRLMs' mandate letter, negotiation, finalisation, execution and, if required, amendment of the Offer agreement with the BRLMs and the underwriting agreement with the underwriters;
- (viii) To negotiate, finalise, settle, execute and deliver or arrange the delivery of Offer agreement, registrar agreement, syndicate agreement, underwriting agreement, cash escrow and sponsor bank agreement, share escrow agreement, monitoring agency agreement and all other documents, deeds, agreements, memorandum of understanding, and any notices, supplements and corrigenda thereto, as may be required or desirable and other instruments whatsoever with the registrar to the Offer, legal advisors, auditors, Stock Exchanges, the BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to negotiate, execute and deliver all or any of the aforesaid documents;
- (ix) To decide along with Dr. Ramesh Kancharla (acting on behalf of the Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs on the size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band, bid period, Offer price, and to accept any amendments, modifications, variations or alterations thereto;
- (x) To make any alteration, addition or variation in relation to the Offer, in consultation with the BRLMs or SEBI or such other authorities as may be required, and without prejudice to the generality of the aforesaid, deciding the exact Offer structure and the exact component of issue of Equity Shares;
- (xi) To finalise, approve, adopt, file, deliver and arrange for, in consultation with the BRLMs and Selling Shareholders, submission of this draft red herring prospectus ("**DRHP**"), the red herring prospectus ("**RHP**") and the prospectus (including amending, varying or modifying the same, as

may be considered desirable or expedient), the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto for the issue of Equity Shares including incorporating such alterations/corrections/modifications as may be required by SEBI, RoC, or any other relevant governmental and statutory authorities or in accordance with all Applicable Laws;

- (xii) To seek, if required, the consent of the lenders of the Company and its subsidiaries, industry data providers, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in relation to the Offer or any actions connected therewith;
- (xiii) To make applications to seek clarifications and obtain approvals from, if necessary, the SEBI, the Stock Exchanges, RBI, the Registrar of Companies or any other statutory or governmental authorities in connection with the Offer and, wherever necessary, incorporate such modifications/ amendments/ alterations/ corrections as may be required in the DRHP, the RHP and the prospectus;
- (xiv) To open and operate bank account(s) of the Company in terms of the cash escrow and sponsor bank agreement, as applicable and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (xv) To authorise and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;
- (xvi) To authorise any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Offer;
- (xvii) To approve suitable policies in relation to the Offer as may be required under Applicable Laws;
- (xviii) To approve any corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under Applicable Laws, in connection with the Offer;
- (xix) To take all actions as may be necessary and authorised in connection with the offer for sale and to approve and take on record the approval of the selling shareholder(s) for offering their Equity Shares in the offer for sale and the transfer of Equity Shares in the offer for sale;
- (xx) To authorise and approve notices, advertisements in such newspapers and other media as it may deem fit and proper in relation to the Offer in consultation with the BRLMs and any other relevant intermediaries appointed for the Offer;
- (xxi) To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act or as may be required by the regulations issued by SEBI and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (xxii) To determine and finalise the bid opening and bid closing dates (including bid opening and closing dates for anchor investors), floor price/price band for the Offer, the Offer price for anchor investors, approve the basis for allocation/allotment and confirm allocation/allotment of the Equity Shares to various categories of persons as disclosed in the DRHP, the RHP and the prospectus, in consultation with the BRLMs and Selling Shareholders;
- (xxiii) To issue receipts/allotment letters/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on the Stock Exchanges, with power to authorise one or more officers of the Company to sign all or any of the aforesaid documents;
- (xxiv) To withdraw the DRHP or the RHP or not to proceed with the Offer at any stage, if considered necessary and expedient, in accordance with Applicable Laws and in consultation with the BRLMs;

- (xxv) To determine the utilization of the Fresh Issue and accept and appropriate proceeds of the Fresh Issue in accordance with Applicable Laws;
- (xxvi) To make applications for listing of Equity Shares on the Stock Exchanges and to execute and to deliver or arrange the delivery of necessary documentation to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing;
- (xxvii) To do all such deeds and acts as may be required to dematerialise the Equity Shares and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the afore-stated documents;
- (xxviii) To do all such acts, deeds, matters and things and execute all such other documents, etc., as it may, in its absolute discretion, deem necessary or desirable for the Offer, in consultation with the BRLMs and Selling Shareholders, including without limitation, determining the anchor investor portion and allocation to anchor investors, finalising the basis of allocation and allotment of Equity Shares to the successful allottees and credit of Equity Shares to the demat accounts of the successful allottees in accordance with Applicable Laws;
- (xxix) To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment and matters incidental thereto as it may deem fit and to delegate such of its powers as may be deemed necessary and permissible under Applicable Laws to the officials of the Company;
- (xxx) To take such action, give such directions, as may be necessary or desirable as regards the Offer and to do all such acts, matters, deeds and things, including but not limited to the allotment of Equity Shares against the valid applications received in the Offer, as are in the best interests of the Company;
- (xxxi) To approve the incurred of expenditure and payment of fees, commission, remuneration and expenses in relation to the Offer;
- (xxxii) To negotiate, finalise, settle, execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;
- (xxxiii) To submit undertaking/certificates or provide clarifications to the Securities Exchange Board of India and the Stock Exchanges where the Equity Shares of the Company are proposed to be listed; and
- (xxxiv) To take all other actions as may be necessary in connection with the Offer.

# Management Organisation Chart



## Key Managerial Personnel

The details of our Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are as set forth below:

**Dr. Ramesh Kancharla** is the Chairman and Managing Director of our Company. For details of his profile, see “- *Brief profiles of our Directors*” beginning on page 229.

**Dr. Dinesh Kumar Chirla** is the Whole-time Director of our Company. For details of his profile, see “- *Brief profiles of our Directors*” beginning on page 229.

For details of compensation paid to our Executive Directors during FY 2021, see “- *Terms of appointment of Executive Directors*” on page 230.

The details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are as set forth below:

**Mahesh Madduri** is the Head of Strategy of our Company. He has been associated with our Company since September 1, 2021. He is a member of the Institute of Chartered Accountants of India. He holds a MS Industrial Administration degree from Carnegie Mellon University, Pittsburgh Pennsylvania. He has been previously associated with the Industrial Credit & Investment Corporation of India Limited (ICICI) and the merchant banking division of Morgan Stanley (Private Equity). Since he joined our Company in FY 2022, there was no remuneration paid to him for FY 2021.

**R Gowrisankar** is the Chief Financial Officer of our Company. He has been associated with our Company in his current position since June 14, 2019. He holds a bachelor’s degree in commerce from Bharathidasan University and a master’s degree in commerce from Alagappa University. He is a fellow member of the Institute of Chartered Accountants of India. He has been associated with our Company for over seven years. He has over 21 years of professional experience and has previously been associated with Apollo Hospitals Enterprise Limited, MNE Technologies Pvt. Ltd., Takshasila Healthcare and Research Service Private Limited, Manipal Health Systems Pvt. Ltd., Manipal Health Enterprises Pvt. Ltd., Vanpic Ports Pvt. Ltd., Yashomati Hospitals Pvt. Ltd. and Yashoda HealthCare Services Pvt. Ltd. The total remuneration paid to him in FY 2021 was ₹ 6.43 million.

**Ashish Kapil** is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company since October 18, 2021. He is an associate member of the Institute of Company Secretaries of India. He holds a degree of Bachelor of Commerce from the University of Delhi and has passed his final LL.B. exam in 2015 from Ch. Charan Singh University, Meerut. He has over eleven years of work experience in legal, compliance and company secretarial matters. He was previously associated with Dr. Lal PathLabs Ltd., DEN Networks Limited, Technofab Engineering Limited and Dalmia Cement (Bharat) Limited. Since he joined our Company in FY 2022, there was no remuneration paid to him for FY 2021.

**Dr. Rohit Manipal Bhojaraj** is the Group – Chief Operating Officer of our Company. He has been associated with our Company since March 28, 2020. He holds a Bachelor of Medicine and Bachelor of Surgery (“**MBBS**”) from the University of Delhi. He holds a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has over 16 years of experience in diversified service industries including medical, pharmaceuticals and IT industries. He was previously associated with Infosys Technologies Limited, Novartis Healthcare Private Limited and Genpact LLC. The total remuneration paid to him in FY 2021 was ₹ 6.25 million.

**Dr. Prashanth Katragadda** is the Vice President – Medical and Operations for the Hyderabad cluster of our Company. He has been associated with our Company since December 3, 2014. He holds a degree of MBBS from NTR University of Health Sciences, Andhra Pradesh and Master of Hospital Management (MHA) from Osmania University, Hyderabad. He also completed his Fellowship in Emergency Medicine from the Royal College of General Practitioners, United Kingdom, conducted by Apollo Hospital Educational & Research Foundation, India. He has over 6 years of clinical experience. The total remuneration paid to him in FY 2021 was ₹ 5.16 million.

All our Key Managerial Personnel are permanent employees of our Company.

### **Retirement and termination benefits**

Except applicable statutory benefits, none of our Key Managerial Personnel have entered into any contracts or arrangement with the Company relating to their appointment pursuant to which they would receive any benefits on their retirement or on termination of their employment with our Company.

### **Relationship amongst Key Management Personnel**

None of our Key Management Personnel are related to each other.

### **Family relationships of Directors with Key Management Personnel**

There are no family relationships between any of our Directors and any of our Key Management Personnel.

### **Arrangements or Understanding with Major Shareholders, Customers, Suppliers or Others**

None of our Key Managerial Personnel have been selected pursuant to any arrangement or understanding with any Shareholders, customers or suppliers or others.

### **Shareholding of the Key Managerial Personnel**

Except as disclosed below, none of our Key Managerial Personnel holds any Equity Shares as on date of this Draft Red Herring Prospectus.

| S.No. | Name of Key Managerial Personnel | Shareholding | Percentage of pre-Offer Equity Share Capital |
|-------|----------------------------------|--------------|----------------------------------------------|
| 1.    | R Gowrisankar                    | 40,000       | 0.04                                         |
| 2.    | Mahesh Madduri                   | 50,000       | 0.05                                         |
| 3.    | Dr. Prashanth Katragadda         | 20,000       | 0.02                                         |

\* Excludes the impact of conversion of Series A CCPS and Series B CCPS.

### **Service contracts with Key Managerial Personnel**

Except for Dr. Ramesh Kancharla and Dr. Dinesh Kumar Chirla, none of our Key Managerial Personnel have entered into any service contract with our Company.

### **Contingent and deferred compensation payable to Key Managerial Personnel**

There is no contingent or deferred compensation payable to Key Managerial Personnel, which does not form part of their remuneration.

### **Bonus or profit-sharing plan of the Key Managerial Personnel**

Other than the performance bonus component of their remuneration, our Key Managerial Personnel are not parties to any bonus or profit-sharing plan of our Company.

### **Interest of Key Managerial Personnel**

Other than as disclosed in “Offer Document Summary- Summary of Related Party Transactions”, “Financial Information – Note 2.33 - Related Parties” and “-Interest of Directors” on page 19, 317 and 232, respectively, and the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of their service our Key Managerial Personnel do not have any other interest in the Company.

No benefits in kind (apart from stock options granted and equity shares allotted pursuant to an ESOP Scheme) were granted to our Key Managerial Personnel on an individual basis by our Company for services in all capacities to our Company.

Other than as disclosed in “Offer Document Summary- Summary of Related Party Transactions” and

“Financial Information – Note 2.33 - Related Parties” on pages 19 and 317, our Key Managerial Personnel are not interested in any contract, agreement or arrangement entered into by the Company and no payments have been made in respect of these contracts, agreements or arrangements or are proposed to be made.

No loans have been availed by our Key Management Personnel from the Company as on date of this Draft Red Herring Prospectus.

### **Changes in the Key Managerial Personnel**

Other than as mentioned below and as disclosed in “Our Management- Changes to our Board in the last three years” on page 233, there have been no other changes to our Key Managerial Personnel in the immediately preceding three years:

| <b>Sr No</b> | <b>Name of Key Managerial Personnel</b> | <b>Date of Change</b> | <b>Reasons</b>                                        |
|--------------|-----------------------------------------|-----------------------|-------------------------------------------------------|
| 1            | Ashish Kapil                            | October 22, 2021      | Appointed as Company Secretary and Compliance Officer |
| 2            | Pratusha Channamalla                    | October 22, 2021      | Resigned as the Company Secretary                     |
| 3            | Pratusha Channamalla                    | September 1, 2021     | Appointed as Company Secretary                        |
| 4            | Pawan Kumar Mittal                      | March 31, 2021        | Resigned as the Company Secretary                     |
| 5            | R. Gowrisankar                          | June 14, 2019         | Appointed as Chief Financial Officer                  |

We believe that the attrition of the Key Managerial Personnel of our Company is not high as compared to the industry.

For more information, please see “Risk Factors- We are dependent on our medical professionals and our business and financial results could be impacted if we are not able to attract and retain such medical professionals.” on page 35.

### **Payment or Benefit to Key Managerial Personnel of our Company (non-salary related)**

Except as disclosed in this section, no amount or benefit has been paid or given in the two years preceding the date of this Draft Red Herring Prospectus or is intended to be paid or given to any officer of our Company, including our directors and Key Managerial Personnel.

### **Employee Stock Options**

For details of our Company’s ESOP Schemes, please see “Capital Structure” on page 86.

## OUR PROMOTERS AND PROMOTER GROUP

### Our Promoters

As on the date of this Draft Red Herring Prospectus, our Promoters are:

1. Dr. Ramesh Kancharla
2. Dr. Dinesh Kumar Chirla; and
3. Dr. Adarsh Kancharla.

As on the date of this Draft Red Herring Prospectus, our Promoters' shareholding in our Company is as follows:

| Sr. No. | Name of the Promoter    | No. of Equity Shares | % of pre-Offer issued, subscribed and paid-up Equity Share Capital** |
|---------|-------------------------|----------------------|----------------------------------------------------------------------|
| 1.      | Dr. Ramesh Kancharla    | 36,849,284           | 39.18                                                                |
| 2.      | Dr. Dinesh Kumar Chirla | 8,560,000            | 9.10                                                                 |
| 3.      | Dr. Adarsh Kancharla    | 7,555,452            | 8.03                                                                 |
|         | <b>Total</b>            | <b>52,964,736</b>    | <b>56.31</b>                                                         |

\*\* Excludes the impact of conversion of Series A CCPS and Series B CCPS.

For details of the build-up of the Promoters' shareholding in our Company, see "Capital Structure – Details of shareholding of our Promoters and members of the Promoter Group in our Company" on page 96.

### Details of our individual Promoters

|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p><b>Dr. Ramesh Kancharla</b></p> <p>Dr. Ramesh Kancharla, aged 60 years, is the Chairman and Managing Director of our Company. He is an Indian national. For details of his educational qualifications, residential address, date of birth, experience, positions and posts held in the past, other directorships and interest in other entities, business, financial activities and special achievements, see "Our Management" on page 227. Other than the entities forming part of the Promoter Group, Dr. Ramesh Kancharla is not involved in any other ventures.</p> <p>His PAN is AHOPK5492R, his Aadhar card number is 6553 2268 6389 and he does not hold a driving license as on the date of filing of this Draft Red Herring Prospectus.</p> |
|  | <p><b>Dr. Dinesh Kumar Chirla</b></p> <p>Dr. Dinesh Kumar Chirla, aged 51 years is a Whole-time Director of our Company. He is an Indian national. For details of his educational qualifications, residential address, date of birth, experience, positions and posts held in the past, other directorships and interest in other entities, business, financial activities and special achievements, see "Our Management" on page 227. Other than the entities forming part of the Promoter Group, Dr. Dinesh Kumar Chirla is not involved in any other ventures.</p> <p>His PAN is AFJPC3527N, his Aadhar card number is 6631 1933 2506 and he does not hold a driving license as on the date of filing of this Draft Red Herring Prospectus.</p>      |



|                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p><b>Dr. Adarsh Kancharla</b></p> <p>Dr. Adarsh Kancharla, aged 25 years, is the Promoter of our Company. He is an Indian national. He resides at Plot No. 41, Road No. 7, Film Nagar Phase 2, Jubilee Hills, Shaikpet, Hyderabad – 500 033, Telangana. He holds a Bachelor of Medicine and Bachelor of Surgery (“<b>MBBS</b>”) from Sri Ramachandra Institute of Higher Education and Research and is currently pursuing his Doctor in Medicine (“<b>MD</b>”) in paediatrics. Other than the entities forming part of the Promoter Group, Dr. Adarsh Kancharla is not involved in any other ventures.</p> <p>His PAN is CKMPK5712R, his Aadhar card number is 7971 9808 3167 and his driving license number is TS00920140024074.</p> |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Our Company confirms that the PANs, bank account numbers and passport numbers of Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla and Dr. Adarsh Kancharla would be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

### Changes in control

Other than as disclosed in “*Capital Structure – Build-up of the Promoters’ shareholding in our Company*” on page 96, there has not been any effective change in the management and control of our Company in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Dr. Ramesh Kancharla is the original promoter of our Company. Dr. Dinesh Kumar Chirla and Dr. Adarsh Kancharla are not the original promoters of our Company and became promoters of our Company in the year 2013 and 2020 respectively. For further details, see “*Capital Structure – Details of shareholding of our Promoters and members of the Promoter Group in our Company*”, on page 96.

### Interest of our Promoters

Our Promoters are interested in our Company to the extent: (1) that they have promoted our Company; (2) of their respective shareholding, the shareholding of their relatives and entities in which the Promoters are interested and which hold Equity Shares in our Company and the dividend payable upon such shareholding, if any, and other distributions in respect of the Equity Shares held by them, their relatives or such entities, if any; (3) of being Directors and/or Key Management Personnel of our Company and the sitting fees /remuneration, benefits and reimbursement of expenses, payable to them, as per the terms of their employment agreement, as applicable, payable by our Company to them; and (4) that our Company has undertaken transactions with them, or their relatives or entities in which our Promoters hold shares or have an interest, if applicable. For further details, see “*Capital Structure*”, “*Our Management*”, and “*Offer Document Summary – Summary of Related Party Transactions*” on pages 86, 227 and 19, respectively.

Further, our Promoters are also directors on the boards, or are shareholders, trustees, proprietors, members or partners, of certain entities forming part of the Promoter Group, Group Companies and other entities with which our Company has had related party transactions and may be deemed to be interested to the extent of the payments made by our Company, if any, to such entities forming part of the Promoter Group, Group Companies and such other entities. For the payments that are made by our Company to certain entities forming part of the Promoter Group, Group Companies and other related parties, see “*Offer Document Summary – Summary of Related Party Transactions*” on page 19.

Except as disclosed in “*Offer Document Summary – Summary of Related Party Transactions*” and “*Financial Information – Note 2.33 - Related Parties*” on pages 19 and 317, our Promoters are not interested in any transaction in acquisition of land, construction of building or supply of machinery.

Our Promoters are not interested in the properties acquired or proposed to be acquired by our Company and/or our Subsidiaries or in any transaction in acquisition of land, construction of building and supply of machinery, etc. in the three years preceding the date of filing of this Draft Red Herring Prospectus.

Our Promoters are not interested as a member of a firm or a company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person either to induce any of our Promoters to become, or qualify them as a director, or otherwise for services rendered by any of our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Except as stated in “*Offer Document Summary – Summary of Related Party Transactions*” and “*Financial Information – Note 2.33 - Related Parties*” on pages 19 and 317, there has been no payment of any amount or benefit given to our Promoters or Promoter Group during the two years preceding the date of filing of this Draft Red Herring Prospectus nor is there any intention to pay any amount or give any benefit to our Promoters or Promoter Group as on the date of filing of this Draft Red Herring Prospectus.

Companies or firms with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any company or firm during the three years preceding the date of filing of this Draft Red Herring Prospectus.

#### **Material guarantees given by our Promoter Selling Shareholders**

There are no material guarantees given by our Promoter Selling Shareholders to third parties, with respect to the Equity Shares of our Company.

#### **Confirmations**

Our Promoters have not been declared as Wilful Defaulters.

Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters are not and have never been promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters are not involved in any venture that is in the same line of activities or business as that of our Company.

#### **Promoter Group**

Persons constituting the Promoter Group (other than our Promoters) of our Company, in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations 2018, are set out below:

**Natural persons forming part of our Promoter Group (other than our Promoters):**

| Sr. No.                        | Name of the individuals                          |
|--------------------------------|--------------------------------------------------|
| <b>Dr. Ramesh Kancharla</b>    |                                                  |
| 1.                             | Padma Kancharla (Wife)                           |
| 2.                             | Dr. Adarsh Kancharla (Son)                       |
| 3.                             | Sudhakar Naidu Kancharla (Brother)               |
| 4.                             | Dr. Ravindranath Kancharla (Brother)             |
| 5.                             | Ramadhara Naidu Kancharla (Brother)              |
| 6.                             | Prabhavathi Damineni (Sister)                    |
| 7.                             | Uppugandla Jayalaxmi (Sister)                    |
| 8.                             | Talluru Saraswathi (Sister)                      |
| 9.                             | Balaramakrishna Talasila (Father-in-law)         |
| 10.                            | Rajya Lakshmi Talasila (Mother-in-law)           |
| 11.                            | Uma Maheshwara Rao Talasila (Brother-in-law)     |
| 12.                            | Srinivas Talasila (Brother-in-law)               |
| <b>Dr. Dinesh Kumar Chirla</b> |                                                  |
| 1.                             | Sree Geeta Chirla (Wife)                         |
| 2.                             | Padma Rao Cheerla (Father)                       |
| 3.                             | Indra Devi Cheerla (Mother)                      |
| 4.                             | Narayan Rao Chirla (Brother)                     |
| 5.                             | Sanjay Kumar Cheerla (Brother)                   |
| 6.                             | Sai Abhishek Chirla (Son)                        |
| 7.                             | Sai Aishwarya Chirla (Daughter)                  |
| 8.                             | Adhilakshmi Suravarapu (Mother-in-law)           |
| 9.                             | Murthy Suryanarayana Suravarapu (Brother-in-law) |
| <b>Dr. Adarsh Kancharla</b>    |                                                  |
| 1.                             | Padma Kancharla (Mother)                         |
| 2.                             | Dr. Ramesh Kancharla (Father)                    |

**Entities forming part of our Promoter Group:**

| Sr. No. | Name of the entities                             |
|---------|--------------------------------------------------|
| 1.      | Rainbow Advanced Health Sciences Private Limited |
| 2.      | Orange Corporation Private Limited               |
| 3.      | Nexgen Diagnosys India Private Limited           |
| 4.      | Sesha Sarojini Medical Infra Private Limited     |
| 5.      | Sesar Projects Private Limited                   |
| 6.      | Ravindranath Medical Foundation                  |
| 7.      | Hygieia Global Health Services Private Limited   |
| 8.      | Global University Foundation                     |
| 9.      | Global Hospitals Private Limited                 |
| 10.     | Sesha Sarojini Projekts LLP                      |
| 11.     | Kancharla Family Trust                           |
| 12.     | Sai Geeta Dinesh Trust                           |
| 13.     | Global Hospitals (North) Limited                 |

## OUR GROUP COMPANIES

Pursuant to resolution dated December 23, 2021, our Board has adopted the policy for determination of Group Companies (the “**Materiality Policy**”) and has noted that in accordance with the SEBI ICDR Regulations, Group Companies shall include (a) such companies (other than promoter(s) and subsidiary(ies)) with which our Company had related party transactions during the period for which financial information is disclosed in this Draft Red Herring Prospectus, as covered under the applicable accounting standards, and (b) any other companies as considered material by the Board.

For the purposes of (b) above, our Board has, pursuant to its resolution dated December 23, 2021, considered such companies (other than the promoters, subsidiaries and companies categorized under (a) above) as material and to be disclosed as Group Companies, if such companies (i) currently form part of the Promoter Group; and (ii) transacted with our Company in the most recent financial year, which transactions, individually or in the aggregate, exceeded 5 % of the total consolidated restated revenue from operations of the Company, in the most recent financial year, as per the Restated Consolidated Financial Information.

Accordingly, in terms of the Materiality Policy, our Board has identified the following companies as our Group Companies:

1. CDC Group
2. CDC India
3. CDC Emerging Markets Limited
4. Ravindranath GE Medical Associates Private Limited
5. Sesha Sarojini Medical Infra Private Limited

### *The details of our Group Companies*

#### **(a) CDC Group**

##### *Registered Office*

CDC Group was incorporated on December 8, 1999 and its registered office is located at 123 Victoria Street, London, SW1E 6DE.

##### *Financial Performance*

The details of the reserves (excluding revaluation reserve), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value derived from the standalone audited financial statements of CDC Group plc for financial years ended December 31, 2020, December 31, 2019 and December 31, 2018, in terms of the SEBI ICDR Regulations are as under:

*(Figures in GBP (£) million except per share data)*

|                                          | Financial year ended<br>December 31, 2020  | Financial year ended<br>December 31, 2019  | Financial Year ended<br>December 31, 2018  |
|------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
|                                          | Standalone                                 | Standalone                                 | Standalone                                 |
| Reserves (Excluding Revaluation Reserve) | 6,805.7<br>2,569.7 excluding share capital | 6,437.9<br>2,851.9 excluding share capital | 5,801.5<br>3,223.5 excluding share capital |
| Sales                                    | 98.1                                       | 90.9                                       | 69.4                                       |
| Profit/(Loss) after Tax                  | (284.3)                                    | (370.3)                                    | 6.8                                        |
| Earnings per Share (Basic)               | n/a                                        | n/a                                        | n/a                                        |

|                              |         |         |         |
|------------------------------|---------|---------|---------|
| Earnings per Share (Diluted) | n/a     | n/a     | n/a     |
| Net Asset Value              | 6,805.7 | 6,437.9 | 5,801.5 |

(b) **CDC India Opportunities Limited (“CDCIOL”)**

*Registered Office*

CDCIOL was incorporated on May 10, 2013 and its registered office is located at 123 Victoria Street, London, SW1E 6DE.

*Financial Performance*

The details of the reserves (excluding revaluation reserve), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value derived from the standalone audited financial statements of CDCIOL for financial years ended December 31, 2020, December 31, 2019 and December 31, 2018, in terms of the SEBI ICDR Regulations are as under:

*(Figures in USD (\$) except per share data)*

|                                          | Financial year ended<br>December 31, 2020 | Financial year ended<br>31 December 31, 2019 | Financial year ended 31<br>December 31, 2018 |
|------------------------------------------|-------------------------------------------|----------------------------------------------|----------------------------------------------|
|                                          | Standalone                                | Standalone                                   | Standalone                                   |
| Reserves (Excluding Revaluation Reserve) | (34,505,837) Account deficit              | (20,975,212) Account deficit                 | (14,136,105) Account deficit                 |
| Sales                                    | 132,595                                   | 131,923                                      | 73,500                                       |
| Profit/(Loss) after Tax                  | (13,530,625)                              | (6,839,107)                                  | (8,494,498)                                  |
| Earnings per Share (Basic)               | N/A                                       | N/A                                          | N/A                                          |
| Earnings per Share (Diluted)             | N/A                                       | N/A                                          | N/A                                          |
| Net Asset Value                          | (16,769,837)                              | (3,239,212)                                  | 3,599,895                                    |

(c) **CDC Emerging Markets Limited (“CDCEML”)**

*Registered Office*

CDCEML was incorporated on August 23, 1999 and its registered office is located at 123 Victoria Street, London, SW1E 6DE.

*Financial Performance*

The details of the reserves (excluding revaluation reserve), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value derived from the standalone audited financial statements of CDCEML for financial years ended December 31, 2020, December 31, 2019 and December 31, 2018, in terms of the SEBI ICDR Regulations are as under:

*(Figures in USD (\$) except per share data)*

| USD (\$)                                 | Financial Year ended<br>December 31, 2020 | Financial Year ended<br>31 December 31, 2019 | Financial Year ended 31<br>December 31, 2018 |
|------------------------------------------|-------------------------------------------|----------------------------------------------|----------------------------------------------|
|                                          | Standalone                                | Standalone                                   | Standalone                                   |
| Reserves (Excluding Revaluation Reserve) | (30,877,352) Account deficit              | (26,743,909) Account deficit                 | (36,114,000) Account deficit                 |
| Sales                                    | 15,527,903                                | 16,109,320                                   | 15,002,246                                   |
| Profit/(Loss) after Tax                  | (4,133,443)                               | 9,370,091                                    | (4,955,424)                                  |
| Earnings per Share (Basic)               | N/A                                       | N/A                                          | N/A                                          |
| Earnings per Share (Diluted)             | N/A                                       | N/A                                          | N/A                                          |
| Net Asset Value                          | 22,972,651                                | 27,106,094                                   | 17,736,003                                   |

(d) **Ravindranath GE Medical Associates Private Limited (“RGMAPL”)**

*Registered Office*

RGMAPL was incorporated on September 24, 1998 and its registered office is located at Plot No. 439, Cheran Nagar, Perumbakkam, Chennai, Tamil Nadu, India - 600100.

*Financial Performance*

The details of the reserves (excluding revaluation reserve), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value derived from the standalone audited financial statements of RGMAPL for financial years ended March 31, 2020, March 31, 2019 and March 31, 2018, in terms of the SEBI ICDR Regulations are as under:

(₹ in million except per share data)

| Particulars                                       | Financial Year ending March 31, 2020 | Financial Year ending March 31, 2019 | Financial Year ending March 31, 2018 |
|---------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Reserves (Excluding Revaluation Reserve)          | (689.20)                             | 223.13                               | 1,098.22                             |
| Sales                                             | 5,928.35                             | 6,684.32                             | 7,433.69                             |
| Profit/(Loss) after Tax                           | (904.60)                             | (872.89)                             | 175.73                               |
| Earnings per Share (Basic) (Face Value of ₹ 10)   | (13.99)                              | (13.50)                              | 2.71                                 |
| Earnings per Share (Diluted) (Face Value of ₹ 10) | (13.99)                              | (13.50)                              | 2.71                                 |
| Net Asset Value                                   | 628.14                               | 1,540.47                             | 2,415.56                             |

(e) **Sesha Sarojini Medical Infra Private Limited (“SSMIPL”)**

*Registered Office*

SSMIPL was incorporated on February 21, 2012 and its registered office is located at H.No: 8-2-615/A B :201, Royal Court Apartments, Road No. 11, Banjara Hills, Hyderabad, Telangana, India - 500034.

*Financial Performance*

The details of the reserves (excluding revaluation reserve), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value derived from the standalone audited financial statements of SSMIPL for financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, in terms of the SEBI ICDR Regulations are as under:

(₹ in million except per share data)

| Particulars                                       | Financial Year ending March 31, 2021 | Financial Year ending March 31, 2020 | Financial Year ending March 31, 2019 |
|---------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Reserves (Excluding Revaluation Reserve)          | 12.14                                | 11.47                                | 11.29                                |
| Sales                                             | 12.62                                | 26.17                                | 15.39                                |
| Profit/(Loss) after Tax                           | 0.66                                 | 0.18                                 | 0.06                                 |
| Earnings per Share (Basic) (Face Value of ₹ 10)   | 66.33                                | 18.50                                | 5.75                                 |
| Earnings per Share (Diluted) (Face Value of ₹ 10) | 66.33                                | 18.50                                | 5.75                                 |
| Net Asset Value                                   | 12.24                                | 11.57                                | 11.39                                |

## Nature and Extent of Interest of Group Companies

### Business interest of Group Companies

Except as disclosed in “Financial Statements” on page 259 and as set out in this section, none of our Group Companies have any business interest in our Company.

### Other Confirmations

- (a) None of our Group Companies have any interest in the promotion of our Company.
- (b) None of our Group Companies is interested in the properties acquired by our Company in the three years preceding the filing of this Draft Red Herring Prospectus, or proposed to be acquired.
- (c) Except in relation to SSMIPL, which performed certain civils for the Company, as disclosed in Restated Consolidated Financial Information - Annexure VII - Notes to Restated Consolidated Financial Information – 2.33 - Related Parties” on page 317, none of our Group Companies is interested in any transactions for the acquisition of land, construction of building or supply of machinery.

CDCEML, pursuant to the debenture trust deed dated August 5, 2016 entered into between the Company, Axis Trustee Services Limited, and CDCEML (“**DTD**”) (and as amended from time to time), agreed to subscribe to 1,000 non-convertible debentures for an aggregate consideration of ₹ 1,000 million. However, pursuant to subsequent amendments including the Third Amendment Agreement to the DTD, dated June 29, 2018, CDC Emerging was only issued 500 non-convertible debentures (out of which ₹ 400 million is outstanding as on September 30, 2021), which are proposed to be redeemed from the Net Proceeds of the Offer. For further details, please see “Objects of the Offer - Early redemption of NCDs issued by the Company” on page 113 of the DRHP.

- (d) There are no common pursuits among any of our Group Companies and our Company and Subsidiaries.
- (e) Except as disclosed in this section and in “Financial Statements” on page 259, there are no related business transactions between the Group Companies and our Company.
- (f) Except as disclosed in “Outstanding Litigation and Material Developments” on page 370, there is no pending litigation involving our Group Companies which will have a material impact on our Company.

None of our Group Companies have any securities listed on a stock exchange in India or abroad. Further, neither of our Group Companies has made any public or rights issue (as defined under the SEBI ICDR Regulations) of securities in the three years preceding the date of this Draft Red Herring Prospectus.

## DIVIDEND POLICY

The Board of Directors at its meeting held on December 23, 2021 have adopted a Dividend Distribution Policy (“**the Policy**”). The declaration and payment of dividends, if any, will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and other applicable law, including the Companies Act.

The quantum of dividend, if any, and our ability to pay dividends will depend on a number of factors, including, but not limited to, our Company’s profits, past dividend trends, capital requirements, financial commitments and financial requirements including business expansion plans, applicable legal restrictions and other factors considered relevant by our Board. Our Company may also, from time to time, pay interim dividends. We may retain all our future earnings, if any, for use in the operations and expansion of our business.

The details of dividend on Equity Shares declared and paid by our Company during the six months period ended September 30, 2021 and the last three Financial Years, until the date of this Draft Red Herring Prospectus are given below:

| Particulars                              | October 1, 2021<br>till the date of<br>this Draft Red<br>Herring<br>Prospectus | April 1, 2021<br>till September<br>30, 2021 | Fiscal<br>2021 | Fiscal<br>2020 | Fiscal<br>2019  |
|------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------|----------------|----------------|-----------------|
| No. of Equity Shares                     | -                                                                              | 43,958,924                                  | 43,958,924     | 43,958,924     | 43,958,924      |
| Face value per Equity Share (in ₹)       | -                                                                              | 10                                          | 10             | 10             | 10              |
| Aggregate Dividend (₹ in million)        | -                                                                              | 87.92                                       | -              | 131.88         | 43.96           |
| Final dividend per Equity Share (in ₹)   | -                                                                              | 2                                           | -              | 1 <sup>#</sup> | 1 <sup>\$</sup> |
| Interim dividend per Equity Share (in ₹) | -                                                                              | -                                           | -              | 2 <sup>@</sup> | -               |
| Rate of final dividend (%)               | -                                                                              | 20%                                         | -              | 10%            | 10%             |
| Rate of interim dividend (%)             | -                                                                              | -                                           | -              | 20%            | -               |
| Dividend Distribution Tax (%)            | -                                                                              | -                                           | -              | 20.56%         | 20.56%          |
| Dividend Distribution Tax (₹ in million) | -                                                                              | -                                           | -              | 27.11          | 9.04            |
| Mode of payment of dividend              | -                                                                              | online                                      | -              | online         | online          |

<sup>\$</sup> This represents final dividend for Fiscal 2019.

<sup>#</sup> This represents final dividend for Fiscal 2020.

<sup>@</sup> This represents interim dividend for Fiscal 2020.

The details of dividend on the Preference Shares, declared and paid by our Company during the six months period ended September 30, 2021 and the last three Financial Years, until the date of this Draft Red Herring Prospectus are given below:

| Particulars                                                    | October 1, 2021<br>till the date of<br>this Draft Red<br>Herring<br>Prospectus | April 1, 2021<br>till<br>September<br>30, 2021 | Fiscal<br>2021 | Fiscal<br>2020 | Fiscal 2019 |
|----------------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------|----------------|----------------|-------------|
| No. of Preference Shares                                       | 2,280,080                                                                      | 2,280,080                                      | 2,280,080      | 2,280,080      | 2,280,080   |
| Face value per Preference Share (in ₹)                         | 48                                                                             | 48                                             | 48             | 48             | 48          |
| Aggregate Dividend (in ₹ million)                              | -                                                                              | 0.00                                           | -              | 0.00           | 0.00        |
| Aggregate Dividend on par with Equity shares (in ₹ in million) | -                                                                              | 4.56                                           | -              | 6.84           | 2.28        |
| Dividend per Preference Share (in ₹)                           | -                                                                              | 0.00                                           | -              | 0.00           | 0.00        |
| Dividend per Preference Share on                               | -                                                                              | 2                                              | -              | 3              | 1           |



| Particulars                                                           | October 1, 2021<br>till the date of<br>this Draft Red<br>Herring<br>Prospectus | April 1, 2021<br>till<br>September<br>30, 2021 | Fiscal<br>2021 | Fiscal<br>2020 | Fiscal 2019 |
|-----------------------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------|----------------|----------------|-------------|
| par with Equity shares (in ₹)                                         |                                                                                |                                                |                |                |             |
| Rate of dividend (%)                                                  | -                                                                              | 0.0001%                                        | -              | 0.0001%        | 0.0001%     |
| Dividend Distribution Tax (%)                                         | -                                                                              | -                                              | -              | 20.56%         | 20.56%      |
| Dividend Distribution Tax (in ₹<br>million)                           | -                                                                              | -                                              | -              | 0.00           | 0.00        |
| Dividend Distribution Tax on par<br>with Equity Shares (in ₹ million) | -                                                                              | -                                              | -              | 1.41           | 0.47        |
| Mode of payment of dividend                                           | -                                                                              | online                                         | -              | online         | online      |

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. See, “*Risk Factors – Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements and we cannot assure you that we will be able to pay dividends in the future*” on page 65.

## **SECTION V – FINANCIAL INFORMATION**

### **FINANCIAL STATEMENTS**

*[The remainder of this page is intentionally left blank]*

## INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors  
Rainbow Children's Medicare Limited  
(formerly known as 'Rainbow Children's Medicare Private Limited')  
8-2-19/A, Daulet Arcade, Road No 11,  
Banjara Hills, Hyderabad – 500 034.  
Telangana, India

23 December 2021

Dear Sirs,

- 1) We have examined, the attached Restated Consolidated Financial Information of Rainbow Children's Medicare Limited (formerly known as Rainbow Children's Medicare Private Limited) (the "Company" or the "Holding Company" or the "Issuer") and its subsidiaries (together referred to as the "Group") comprising the Restated Consolidated Balance Sheet as at 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020 and 31 March 2019, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity and the Restated Statement of Consolidated Cash Flows for the six months period ended 30 September 2021 and 30 September 2020 and years ended 31 March 2021, 31 March 2020 and 31 March 2019, and the statement of significant accounting policies, and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 23 December 2021 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
- 2) The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India ("SEBI"), the stock exchanges where the equity shares of the Company are proposed to be listed ("Stock Exchanges") and the Registrar of Companies, Telangana, situated at Hyderabad ("ROC") in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the Management of the Company on the basis of preparation stated in Note 1.2 (i) of Annexure V to the Restated Consolidated Financial Information.

The responsibility of respective Board of Directors of the companies included in the Group includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors of the Group are also responsible for identifying and ensuring that the Group complies with the Act, the ICDR Regulations and the Guidance Note.

- 3) We have examined such Restated Consolidated Financial Information taking into consideration:
  - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 18 September 2021, in connection with the proposed IPO of equity shares of the Company;
  - b) The Guidance Note, which also requires that we comply with the ethical requirements of the

Code of Ethics issued by the ICAI;

- c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
  - d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO of equity shares of the Company.
- 4) These Restated Consolidated Financial Information have been compiled by the Management from:
- a) As at and for the six months period ended 30 September 2021 and 30 September 2020: From the audited interim consolidated financial statements of the Group as at and for the six months period ended 30 September 2021 and 30 September 2020 (being the comparative period for the six months period ended 30 September 2021), prepared in accordance with Indian Accounting Standard (Ind AS) 34 “Interim Financial Reporting”, specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (the “interim consolidated financial statements”), which have been approved by the Board of Directors at their Board meeting held on 23 December 2021;
  - b) As at and for the year ended 31 March 2021, 31 March 2020 and 31 March 2019: the audited consolidated financial statements of the Group as at and for the year ended 31 March 2021, 31 March 2020 and 31 March 2019, prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (the “consolidated financial statements”), which have been approved by the Board of Directors at their Board meetings held on 16 July 2021, 10 July 2020 and 20 June 2019 respectively.
- 5) For the purpose of our examination, we have relied on Auditors’ reports issued by us dated 23 December 2021 on the interim consolidated financial statements as at and for the six months ended 30 September 2021 and 30 September 2020; and Auditors’ reports issued by us dated 19 July 2021, 10 July 2020 and 20 June 2019 on the consolidated financial statements of the Group as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 respectively as referred in paragraph 4 above.
- 6) As indicated in our audit reports referred in paragraph 5 above, we did not audit the financial statements of six subsidiaries for the six months ended 30 September 2021 and 30 September 2020, and for the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019 as listed in Annexure A (ii) whose financial statements share of total assets, total revenues (including other income), net cash inflows / (outflows) included in the consolidated financial statements, for the relevant years is tabulated below:

(Rs. in million)

| Particulars                        | As at/ for the six months period ended |                   | As at / for the year ended |               |               |
|------------------------------------|----------------------------------------|-------------------|----------------------------|---------------|---------------|
|                                    | 30 September 2021                      | 30 September 2020 | 31 March 2021              | 31 March 2020 | 31 March 2019 |
| <i>In respect of subsidiaries:</i> |                                        |                   |                            |               |               |
| Total assets                       | 589.56                                 | 490.49            | 645.35                     | 567.22        | 209.98        |
| Total revenues                     | 259.84                                 | 156.66            | 355.89                     | 263.68        | 15.49         |
| Net cash inflow/ (outflow)         | 10.17                                  | 4.15              | (2.56)                     | 50.58         | 52.17         |

These financial statements have been audited by other auditors as mentioned in Annexure A and whose reports have been furnished to us by the Company’s Management and our audit opinions for the relevant periods/years on the consolidated financial statements, in so far as it relates to the amounts and

disclosures included in respect of these components for the relevant periods/years, are based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements is not modified in respect of these matters.

Further, the financial information of these subsidiaries included in these Restated Consolidated Financial Information, is based on such financial statements audited by the other auditors and have been restated by the Management of the Issuer to comply with the basis set out in Note 1.2 (i) to the Restated Consolidated Financial Information. The restatement adjustments made to such financial statements to comply with the basis set out in Note 1.2 (i) to the Restated Consolidated Financial Information, have been audited by us.

- 7) Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the auditors' reports issued by the other auditors, we report that the Restated Consolidated Financial Information:
  - a) have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial years ended 31 March 2021 and 31 March 2020 and 31 March 2019 and for the period beginning 1 April 2020 to 30 September 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the six months period ended 30 September 2021;
  - b) does not contain any qualifications requiring adjustments. However, those qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Consolidated Financial Information have been disclosed in Annexure VI to the Restated Consolidated Financial Information; and
  - c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
- 8) The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements mentioned in paragraph 4 and 5 above.
- 9) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or other auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 10) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

- 11) Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with SEBI, Stock Exchanges and ROC in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Associates LLP**

*Chartered Accountants*

ICAI firm registration number: 116231W/ W-100024

**Hemant Maheshwari**

*Partner*

Membership No.: 096537

ICAI UDIN: 21096537AAAAGK9529

Place: Hyderabad

Date: 23 December 2021

## Annexure A

**(i) List of Subsidiaries of Rainbow Children's Medicare Limited**

| <b>Particulars</b>                                     | <b>Nature of Relation</b> |
|--------------------------------------------------------|---------------------------|
| Rainbow Children Hospital Private Limited              | Subsidiary                |
| Rainbow Women and Children's Hospitals Private Limited | Subsidiary                |
| Rainbow Speciality Hospitals Private Limited           | Subsidiary                |
| Rosewalk Healthcare Private Limited                    | Subsidiary                |
| Rainbow Fertility Private Limited                      | Subsidiary                |
| Rainbow CRO Private Limited                            | Subsidiary                |

**(ii) Details of entities for the years not audited by us and name of the other auditor for the respective year**

| <b>Particulars</b>                                     | <b>Nature of Relation</b> | <b>Period</b>                                                         | <b>Name of the auditor</b>                     |
|--------------------------------------------------------|---------------------------|-----------------------------------------------------------------------|------------------------------------------------|
| Rainbow Children Hospital Private Limited              | Subsidiary                | For the year ended<br>31 March 2021<br>31 March 2020<br>31 March 2019 | Mahadevan & Co,<br>Chartered Accountants       |
| Rainbow Women and Children's Hospitals Private Limited | Subsidiary                | For the year ended<br>31 March 2021<br>31 March 2020<br>31 March 2019 | Mahadevan & Co,<br>Chartered Accountants       |
| Rainbow Speciality Hospitals Private Limited           | Subsidiary                | For the year ended<br>31 March 2021<br>31 March 2020<br>31 March 2019 | Mahadevan & Co,<br>Chartered Accountants       |
| Rosewalk Healthcare Private Limited                    | Subsidiary                | For the year ended<br>31 March 2021<br>31 March 2020<br>31 March 2019 | P V Raghavendra Kumar,<br>Chartered Accountant |
| Rainbow Fertility Private Limited                      | Subsidiary                | For the year ended<br>31 March 2021<br>31 March 2020                  | P V Raghavendra Kumar,<br>Chartered Accountant |
| Rainbow CRO Private Limited                            | Subsidiary                | For the year ended<br>31 March 2021<br>31 March 2020                  | P V Raghavendra Kumar,<br>Chartered Accountant |

**Rainbow Children's Medicare Limited (formerly know as 'Rainbow Children's Medicare Private Limited')**
**Annexure I**
**Restated Consolidated Balance Sheet**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

| Particulars                                                                              | Note No.<br>Annexure VII | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------------------------------------------------------------------------|--------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>ASSETS</b>                                                                            |                          |                            |                            |                        |                        |                        |
| <b>Non-current assets</b>                                                                |                          |                            |                            |                        |                        |                        |
| a. Property, plant and equipment                                                         | 2.1(a)                   | 4,237.85                   | 3,345.57                   | 3,988.95               | 3,446.12               | 3,387.41               |
| b. Capital work-in-progress                                                              | 2.1(a) & 2.1(b)          | 34.70                      | 660.56                     | 287.66                 | 427.46                 | 226.33                 |
| c. Right-of-use of assets                                                                | 2.34                     | 3,967.31                   | 3,462.31                   | 3,688.95               | 3,516.48               | 3,564.65               |
| d. Goodwill                                                                              | 2.1(b)                   | 29.87                      | 29.87                      | 29.87                  | 29.87                  | 29.87                  |
| e. Other intangible assets                                                               | 2.1(b)                   | 12.70                      | 17.35                      | 15.31                  | 22.86                  | 35.36                  |
| f. Financial assets                                                                      |                          |                            |                            |                        |                        |                        |
| (i) Investments                                                                          | 2.2                      | 0.03                       | 0.03                       | 80.03                  | 0.03                   | 0.03                   |
| (ii) Loans                                                                               | 2.10                     | 486.87                     | -                          | -                      | -                      | -                      |
| (iii) Other financial assets                                                             | 2.3                      | 335.04                     | 389.52                     | 546.90                 | 471.38                 | 351.44                 |
| g. Deferred tax assets (net)                                                             | 2.29(d)                  | 54.73                      | 7.95                       | 27.88                  | 3.45                   | 180.09                 |
| h. Income tax assets (net)                                                               | 2.4                      | 31.80                      | 46.67                      | 44.92                  | 21.70                  | 40.26                  |
| i. Other non-current assets                                                              | 2.5                      | 67.96                      | 184.59                     | 131.04                 | 226.98                 | 119.58                 |
| <b>Total non-current assets</b>                                                          |                          | <b>9,258.86</b>            | <b>8,144.42</b>            | <b>8,841.51</b>        | <b>8,166.33</b>        | <b>7,935.02</b>        |
| <b>Current assets</b>                                                                    |                          |                            |                            |                        |                        |                        |
| a. Inventories                                                                           | 2.6                      | 162.97                     | 109.64                     | 100.97                 | 159.77                 | 69.98                  |
| b. Financial assets                                                                      |                          |                            |                            |                        |                        |                        |
| (i) Investments                                                                          | 2.7                      | 452.23                     | 183.48                     | 102.62                 | 99.00                  | 31.86                  |
| (ii) Trade receivables                                                                   | 2.8                      | 500.61                     | 533.00                     | 439.65                 | 439.63                 | 349.72                 |
| (iii) Cash and cash equivalents                                                          | 2.9 (a)                  | 282.18                     | 72.36                      | 56.58                  | 66.97                  | 51.34                  |
| (iv) Bank balances other than (iii) above                                                | 2.9 (b)                  | 1,068.37                   | 958.72                     | 890.16                 | 905.43                 | 713.98                 |
| (v) Loans                                                                                | 2.10                     | -                          | 202.17                     | 277.94                 | 240.86                 | 68.91                  |
| c. Other current assets                                                                  | 2.11                     | 72.50                      | 95.30                      | 103.24                 | 114.38                 | 43.15                  |
| <b>Total current assets</b>                                                              |                          | <b>2,538.86</b>            | <b>2,154.67</b>            | <b>1,971.16</b>        | <b>2,026.04</b>        | <b>1,328.94</b>        |
| <b>TOTAL ASSETS</b>                                                                      |                          | <b>11,797.72</b>           | <b>10,299.09</b>           | <b>10,812.67</b>       | <b>10,192.37</b>       | <b>9,263.96</b>        |
| <b>EQUITY AND LIABILITIES</b>                                                            |                          |                            |                            |                        |                        |                        |
| <b>EQUITY</b>                                                                            |                          |                            |                            |                        |                        |                        |
| a. Equity share capital                                                                  | 2.12                     | 549.03                     | 549.03                     | 549.03                 | 549.03                 | 549.03                 |
| b. Other equity                                                                          | 2.13                     | 4,638.26                   | 3,742.91                   | 3,914.60               | 3,505.00               | 3,172.48               |
| <b>Equity attributable to owners of the Company</b>                                      |                          | <b>5,187.29</b>            | <b>4,291.94</b>            | <b>4,463.63</b>        | <b>4,054.03</b>        | <b>3,721.51</b>        |
| Non-controlling interest                                                                 |                          | 31.42                      | 37.04                      | 20.13                  | 39.11                  | -                      |
| <b>TOTAL EQUITY</b>                                                                      |                          | <b>5,218.71</b>            | <b>4,328.98</b>            | <b>4,483.76</b>        | <b>4,093.14</b>        | <b>3,721.51</b>        |
| <b>LIABILITIES</b>                                                                       |                          |                            |                            |                        |                        |                        |
| <b>Non-current liabilities</b>                                                           |                          |                            |                            |                        |                        |                        |
| a. Financial liabilities                                                                 |                          |                            |                            |                        |                        |                        |
| (i) Borrowings                                                                           | 2.14                     | 272.40                     | 404.77                     | 405.20                 | 458.08                 | 497.30                 |
| (ii) Lease liabilities                                                                   | 2.34                     | 4,826.46                   | 4,314.68                   | 4,647.74               | 4,217.10               | 4,071.44               |
| b. Provisions                                                                            | 2.15                     | 56.43                      | 55.02                      | 55.19                  | 71.06                  | 56.33                  |
| c. Deferred tax liabilities (net)                                                        | 2.29(d)                  | -                          | 11.50                      | -                      | 53.43                  | -                      |
| <b>Total non-current liabilities</b>                                                     |                          | <b>5,155.29</b>            | <b>4,785.97</b>            | <b>5,108.13</b>        | <b>4,799.67</b>        | <b>4,625.07</b>        |
| <b>Current liabilities</b>                                                               |                          |                            |                            |                        |                        |                        |
| a. Financial liabilities                                                                 |                          |                            |                            |                        |                        |                        |
| (i) Borrowings                                                                           | 2.16                     | 154.88                     | 77.77                      | 74.47                  | 118.72                 | 29.12                  |
| (ii) Lease liabilities                                                                   | 2.34                     | 62.97                      | 52.56                      | 57.33                  | 108.34                 | 55.12                  |
| (iii) Trade payables                                                                     | 2.17                     |                            |                            |                        |                        |                        |
| a) Total outstanding dues to micro enterprises and small enterprises                     |                          | 16.09                      | 9.21                       | 0.53                   | 31.43                  | -                      |
| b) Total outstanding dues to creditor other than micro enterprises and small enterprises |                          | 625.04                     | 482.83                     | 536.72                 | 550.31                 | 432.35                 |
| (iv) Other financial liabilities                                                         | 2.18                     | 278.63                     | 374.18                     | 394.55                 | 344.69                 | 251.40                 |
| b. Other current liabilities                                                             | 2.21                     | 152.15                     | 93.90                      | 94.03                  | 101.83                 | 89.85                  |
| c. Provisions                                                                            | 2.19                     | 14.24                      | 31.21                      | 24.70                  | 7.87                   | 7.74                   |
| d. Current tax liabilities (net)                                                         | 2.20                     | 119.72                     | 62.48                      | 38.45                  | 36.37                  | 51.80                  |
| <b>Total current liabilities</b>                                                         |                          | <b>1,423.72</b>            | <b>1,184.14</b>            | <b>1,220.78</b>        | <b>1,299.56</b>        | <b>917.38</b>          |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                                      |                          | <b>11,797.72</b>           | <b>10,299.09</b>           | <b>10,812.67</b>       | <b>10,192.37</b>       | <b>9,263.96</b>        |

Summary of Significant accounting policies

V

**Note:** The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Financial Information in Annexure V, Statement of Adjustments to Restated Consolidated Financial Information in Annexure VI and Notes to Restated Consolidated Financial Information in Annexure VII.

As per our Report of even date attached

 for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

for and on behalf of the Board of Directors of

**Rainbow Children's Medicare Limited**

(formerly known as "Rainbow Children's Medicare Private Limited")

CIN: U85110TG1998PLC029914

**Hemant Maheshwari**

Partner

Membership No.: 096537

**Dr. Ramesh Kancharla**

Chairman and Managing Director

DIN: 00212270

**Dr. Dinesh Kumar Chirla**

Director

DIN: 01395841

**R Gowrisankar**

Chief Financial Officer

**Ashish Kapil**

Company Secretary

Membership No.: A31782

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021



**Rainbow Children's Medicare Limited (formerly know as 'Rainbow Children's Medicare Private Limited')**

**Annexure II**

**Restated Consolidated Statement of Profit and Loss**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

| Particulars                                                                                                                      | Note No.<br>Annexure VII | For the six months<br>period ended<br>30 September 2021 | For the six months<br>period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>INCOME</b>                                                                                                                    |                          |                                                         |                                                         |                                        |                                        |                                        |
| Revenue from operations                                                                                                          | 2.22                     | 5,125.55                                                | 3,097.83                                                | 6,500.47                               | 7,193.91                               | 5,427.92                               |
| Other income                                                                                                                     | 2.23                     | 70.37                                                   | 57.84                                                   | 102.63                                 | 103.46                                 | 83.52                                  |
| <b>Total income</b>                                                                                                              |                          | <b>5,195.92</b>                                         | <b>3,155.67</b>                                         | <b>6,603.10</b>                        | <b>7,297.37</b>                        | <b>5,511.44</b>                        |
| <b>EXPENSES</b>                                                                                                                  |                          |                                                         |                                                         |                                        |                                        |                                        |
| Medical consumables and pharmacy items consumed                                                                                  | 2.24                     | 1,228.84                                                | 485.94                                                  | 1,032.62                               | 1,053.14                               | 802.13                                 |
| Employee benefits expense                                                                                                        | 2.25                     | 552.09                                                  | 487.51                                                  | 1,020.94                               | 1,089.71                               | 857.40                                 |
| Finance costs                                                                                                                    | 2.26                     | 253.36                                                  | 200.84                                                  | 440.63                                 | 446.06                                 | 390.24                                 |
| Depreciation and amortisation expense                                                                                            | 2.27                     | 398.51                                                  | 353.54                                                  | 733.38                                 | 694.11                                 | 603.16                                 |
| Other expenses                                                                                                                   | 2.28                     | 1,669.88                                                | 1,307.17                                                | 2,818.57                               | 3,080.79                               | 2,283.25                               |
| <b>Total expenses</b>                                                                                                            |                          | <b>4,102.68</b>                                         | <b>2,835.00</b>                                         | <b>6,046.14</b>                        | <b>6,363.81</b>                        | <b>4,936.18</b>                        |
| <b>Profit before tax</b>                                                                                                         |                          | <b>1,093.24</b>                                         | <b>320.67</b>                                           | <b>556.96</b>                          | <b>933.56</b>                          | <b>575.26</b>                          |
| <b>Tax expenses:</b>                                                                                                             | 2.29                     |                                                         |                                                         |                                        |                                        |                                        |
| (a) Current tax                                                                                                                  |                          | 309.35                                                  | 134.85                                                  | 239.12                                 | 434.28                                 | 179.92                                 |
| (b) Deferred tax expense/(credit)                                                                                                |                          | (28.29)                                                 | (47.33)                                                 | (77.84)                                | (54.12)                                | (50.56)                                |
| <b>Total tax expense</b>                                                                                                         |                          | <b>281.06</b>                                           | <b>87.52</b>                                            | <b>161.28</b>                          | <b>380.16</b>                          | <b>129.36</b>                          |
| <b>Profit for the period/year</b>                                                                                                |                          | <b>812.18</b>                                           | <b>233.15</b>                                           | <b>395.68</b>                          | <b>553.40</b>                          | <b>445.90</b>                          |
| <b>Other comprehensive income/(loss) (OCI)</b>                                                                                   |                          |                                                         |                                                         |                                        |                                        |                                        |
| Items that will not be reclassified subsequently to profit or loss                                                               |                          |                                                         |                                                         |                                        |                                        |                                        |
| Re-measurement gain /(losses) on post-employment defined benefit plans                                                           |                          | 5.74                                                    | 3.59                                                    | 12.54                                  | (1.27)                                 | 5.66                                   |
| Income tax relating to items that will not be reclassified to profit or loss                                                     | 2.29                     | (1.44)                                                  | (0.90)                                                  | (3.10)                                 | 0.44                                   | (1.98)                                 |
| <b>Other comprehensive income /(loss) (OCI) for the period/year, net of tax</b>                                                  |                          | <b>4.30</b>                                             | <b>2.69</b>                                             | <b>9.44</b>                            | <b>(0.83)</b>                          | <b>3.68</b>                            |
| <b>Total Comprehensive Income for the period/year, net of tax</b>                                                                |                          | <b>816.48</b>                                           | <b>235.84</b>                                           | <b>405.12</b>                          | <b>552.57</b>                          | <b>449.58</b>                          |
| <b>Profit for the period/year attributable to:</b>                                                                               |                          |                                                         |                                                         |                                        |                                        |                                        |
| Owners of the Company                                                                                                            |                          | 811.29                                                  | 235.19                                                  | 400.18                                 | 557.29                                 | 445.90                                 |
| Non-controlling interests                                                                                                        |                          | 0.89                                                    | (2.04)                                                  | (4.50)                                 | (3.89)                                 | -                                      |
| <b>Other comprehensive income (loss) for the period/year attributable to:</b>                                                    |                          |                                                         |                                                         |                                        |                                        |                                        |
| Owners of the Company                                                                                                            |                          | 4.28                                                    | 2.72                                                    | 9.41                                   | (0.83)                                 | 3.68                                   |
| Non-controlling interests                                                                                                        |                          | 0.02                                                    | (0.03)                                                  | 0.03                                   | -                                      | -                                      |
| <b>Total comprehensive income for the period/year attributable to:</b>                                                           |                          |                                                         |                                                         |                                        |                                        |                                        |
| Owners of the Company                                                                                                            |                          | 815.57                                                  | 237.91                                                  | 409.59                                 | 556.46                                 | 449.58                                 |
| Non-controlling interests                                                                                                        |                          | 0.91                                                    | (2.07)                                                  | (4.47)                                 | (3.89)                                 | -                                      |
| Earning per share (face value of share Rs.10 each) (Non annualized for the period ended 30 September 2021 and 30 September 2020) | 2.37                     |                                                         |                                                         |                                        |                                        |                                        |
| - Basic (Rs)                                                                                                                     |                          | 8.78                                                    | 2.56                                                    | 4.36                                   | 5.98                                   | 4.83                                   |
| - Diluted (Rs)                                                                                                                   |                          | 8.62                                                    | 2.50                                                    | 4.25                                   | 5.92                                   | 4.74                                   |

Summary of Significant accounting policies

V

Note: The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Financial Information in Annexure V, Statement of Adjustments to Restated Consolidated Financial Information in Annexure VI and Notes to Restated Consolidated Financial Information in Annexure VII.

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

for and on behalf of the Board of Directors of

**Rainbow Children's Medicare Limited**

(formerly known as "Rainbow Children's Medicare Private Limited")

CIN: U85110TG1998PLC029914

**Hemant Maheshwari**

Partner

Membership No.: 096537

**Dr. Ramesh Kancharla**

Chairman and Managing Director

DIN: 00212270

**Dr. Dinesh Kumar Chirla**

Director

DIN: 01395841

**R Gowrisankar**

Chief Financial Officer

**Ashish Kapil**

Company Secretary

Membership No.: A31782

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021

**Rainbow Children's Medicare Limited (formerly know as 'Rainbow Children's Medicare Private Limited')**
**Annexure III**
**Restated Consolidated Statement of Cash Flows**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

|                                                                                                                   | For the six months<br>period ended<br>30 September 2021 | For the six months<br>period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>Cash flows from operating activities</b>                                                                       |                                                         |                                                         |                                        |                                        |                                        |
| Profit before tax                                                                                                 | 1,093.24                                                | 320.67                                                  | 556.96                                 | 933.56                                 | 575.26                                 |
| <b>Adjustments:</b>                                                                                               |                                                         |                                                         |                                        |                                        |                                        |
| Depreciation and amortisation expense                                                                             | 398.51                                                  | 353.54                                                  | 733.38                                 | 694.11                                 | 603.16                                 |
| Dividend income                                                                                                   | (0.96)                                                  | (0.81)                                                  | (2.64)                                 | (3.96)                                 | (1.42)                                 |
| Unrealised foreign exchange loss, net                                                                             | 0.01                                                    | -                                                       | 0.01                                   | 0.01                                   | 0.01                                   |
| Net gain on financial assets measured at fair value through profit or loss                                        | (1.77)                                                  | (0.36)                                                  | (0.17)                                 | -                                      | -                                      |
| Interest income on financial assets carried at amortised cost                                                     | (46.67)                                                 | (51.67)                                                 | (90.41)                                | (97.40)                                | (68.61)                                |
| Finance costs                                                                                                     | 253.36                                                  | 200.84                                                  | 440.63                                 | 446.06                                 | 390.24                                 |
| Advances written off                                                                                              | -                                                       | -                                                       | -                                      | 0.84                                   | -                                      |
| Allowances for doubtful advances                                                                                  | 6.70                                                    | -                                                       | -                                      | -                                      | -                                      |
| Allowance for expected credit loss                                                                                | 16.46                                                   | 29.24                                                   | 27.60                                  | 54.29                                  | 26.86                                  |
| Bad debts written off                                                                                             | 0.99                                                    | -                                                       | 3.15                                   | 1.79                                   | 1.69                                   |
| Net loss / (gain) on sale of property, plant and equipment                                                        | 0.31                                                    | (0.93)                                                  | (1.08)                                 | (0.63)                                 | (0.33)                                 |
| Net gain on sale of Investment                                                                                    | (8.20)                                                  | -                                                       | -                                      | -                                      | -                                      |
| Liabilities no longer required written back                                                                       | (12.77)                                                 | (0.56)                                                  | (3.34)                                 | (0.10)                                 | (13.16)                                |
|                                                                                                                   | <b>1,699.21</b>                                         | <b>849.96</b>                                           | <b>1,664.09</b>                        | <b>2,028.57</b>                        | <b>1,513.70</b>                        |
| <b>Adjustments for working capital:</b>                                                                           |                                                         |                                                         |                                        |                                        |                                        |
| (Increase) / Decrease in inventories                                                                              | (62.00)                                                 | 50.13                                                   | 58.80                                  | (89.79)                                | (10.19)                                |
| (Increase) in trade receivables                                                                                   | (78.41)                                                 | (122.61)                                                | (30.77)                                | (145.99)                               | (175.19)                               |
| Decrease / (Increase) in financial and other assets                                                               | 2.96                                                    | 1.51                                                    | (4.38)                                 | (111.36)                               | (43.96)                                |
| Increase / (Decrease) in trade payables                                                                           | 106.60                                                  | (89.60)                                                 | (48.22)                                | 149.19                                 | 157.53                                 |
| Increase / (Decrease) in financial liabilities and provisions                                                     | 25.59                                                   | 39.35                                                   | 52.51                                  | 74.56                                  | (23.63)                                |
| <b>Cash generated from operations</b>                                                                             | <b>1,693.95</b>                                         | <b>728.74</b>                                           | <b>1,692.03</b>                        | <b>1,905.18</b>                        | <b>1,418.26</b>                        |
| Income tax paid                                                                                                   | (214.96)                                                | (133.71)                                                | (264.89)                               | (201.11)                               | (145.84)                               |
| <b>Net cash flow from operating activities (A)</b>                                                                | <b>1,478.99</b>                                         | <b>595.03</b>                                           | <b>1,427.14</b>                        | <b>1,704.07</b>                        | <b>1,272.42</b>                        |
| <b>Cash flows from investing activities</b>                                                                       |                                                         |                                                         |                                        |                                        |                                        |
| Purchase of property, plant and equipment and intangibles including capital advances and capital work-in-progress | (263.26)                                                | (311.60)                                                | (761.03)                               | (745.11)                               | (874.85)                               |
| Proceeds from sale of property, plant and equipment                                                               | 0.57                                                    | 1.64                                                    | 2.25                                   | 1.30                                   | 19.10                                  |
| Bank deposits (placed) / matured with maturity of more than three months, net                                     | (151.53)                                                | 61.89                                                   | (45.21)                                | (283.41)                               | (312.73)                               |
| Interest received                                                                                                 | 15.67                                                   | 22.58                                                   | 74.97                                  | 77.82                                  | 53.22                                  |
| Dividend received                                                                                                 | 0.96                                                    | 0.81                                                    | 2.64                                   | 3.96                                   | 1.42                                   |
| Investment in mutual funds placed, net                                                                            | (347.84)                                                | (84.12)                                                 | (3.62)                                 | (67.14)                                | (30.54)                                |
| Proceeds from sale / (investments) in unquoted equity instruments                                                 | 88.20                                                   | -                                                       | (80.00)                                | -                                      | -                                      |
| Inter-corporate deposit placed during the period / year                                                           | (197.13)                                                | (34.79)                                                 | (221.75)                               | (612.58)                               | (126.40)                               |
| Inter-corporate deposit realised during the period / year                                                         | 3.96                                                    | 84.26                                                   | 202.95                                 | 454.85                                 | 114.09                                 |
| Purchase consideration paid for investment in subsidiary                                                          | -                                                       | -                                                       | -                                      | -                                      | (12.20)                                |
| <b>Net cash used in investing activities (B)</b>                                                                  | <b>(850.40)</b>                                         | <b>(259.33)</b>                                         | <b>(828.80)</b>                        | <b>(1,170.31)</b>                      | <b>(1,168.89)</b>                      |
| <b>Cash flows from financing activities</b>                                                                       |                                                         |                                                         |                                        |                                        |                                        |
| Proceeds from long-term borrowings                                                                                | -                                                       | -                                                       | -                                      | 12.80                                  | 372.72                                 |
| Repayment of long-term borrowings                                                                                 | (51.79)                                                 | (51.43)                                                 | (52.57)                                | (5.92)                                 | -                                      |
| Repayment of lease liability (including related interest)                                                         | (247.20)                                                | (209.57)                                                | (445.04)                               | (393.14)                               | (372.71)                               |
| Interest paid                                                                                                     | (22.47)                                                 | (27.17)                                                 | (52.48)                                | (49.72)                                | (8.23)                                 |
| Dividend paid during the period/year on equity and preference shares, including taxes                             | (92.48)                                                 | -                                                       | -                                      | (167.29)                               | (55.74)                                |
| Proceeds from / (repayments of) short-term borrowings, (net)                                                      | -                                                       | (42.14)                                                 | (42.14)                                | 42.14                                  | (22.96)                                |
| Net consideration received on dilution of investment in subsidiaries                                              | 10.95                                                   | -                                                       | -                                      | 43.00                                  | -                                      |
| Net consideration paid for acquisition of shares in subsidiaries                                                  | -                                                       | -                                                       | (16.50)                                | -                                      | -                                      |
| <b>Net cash used in financing activities (C)</b>                                                                  | <b>(402.99)</b>                                         | <b>(330.31)</b>                                         | <b>(608.73)</b>                        | <b>(518.13)</b>                        | <b>(86.92)</b>                         |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>                                               | <b>225.60</b>                                           | <b>5.39</b>                                             | <b>(10.39)</b>                         | <b>15.63</b>                           | <b>16.61</b>                           |
| Cash and cash equivalents at the beginning of the period/year                                                     | 56.58                                                   | 66.97                                                   | 66.97                                  | 51.34                                  | 34.73                                  |
| <b>Cash and cash equivalents at the end of the period/year (note b)</b>                                           | <b>282.18</b>                                           | <b>72.36</b>                                            | <b>56.58</b>                           | <b>66.97</b>                           | <b>51.34</b>                           |

a) The above Restated Consolidated Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows".

b) Components of cash and cash equivalents as at (Refer note 2.9 (a))

|                     | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| Cash on hand        | 7.38                       | 5.16                       | 4.36                   | 2.78                   | 7.12                   |
| Balance with banks: |                            |                            |                        |                        |                        |
| - Current accounts  | 274.80                     | 67.20                      | 52.22                  | 64.19                  | 44.22                  |
|                     | <b>282.18</b>              | <b>72.36</b>               | <b>56.58</b>           | <b>66.97</b>           | <b>51.34</b>           |

**Rainbow Children's Medicare Limited (formerly know as 'Rainbow Children's Medicare Private Limited')****Annexure III****Restated Consolidated Statement of Cash Flows**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**Rainbow Children's Medicare Limited (formerly know as 'Rainbow Children's Medicare Private Limited')****Annexure III****Restated Consolidated Statement of Cash Flows**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

c) Reconciliation between opening and closing balances in the Balance sheet for liabilities and financial assets arising from financing activities for movement in Restated Consolidated Statement of Cash Flows are given below.

|                                             | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>Opening balance:</b>                     |                            |                            |                        |                        |                        |
| Borrowings                                  | 458.83                     | 553.54                     | 553.54                 | 504.52                 | 130.82                 |
| Lease liability                             | 4,705.07                   | 4,325.44                   | 4,325.44               | 4,126.56               | 3,493.63               |
| <b>Movement:</b>                            |                            |                            |                        |                        |                        |
| <b>Borrowings:</b>                          |                            |                            |                        |                        |                        |
| On account of acquisition of subsidiary     | -                          | -                          | -                      | -                      | 23.94                  |
| Proceeds from borrowings                    | -                          | -                          | -                      | 54.94                  | 372.72                 |
| Repayment of borrowings                     | (51.79)                    | (93.57)                    | (94.71)                | (5.92)                 | (22.96)                |
| <b>Lease liability:</b>                     |                            |                            |                        |                        |                        |
| Interest expense on lease liabilities       | 231.49                     | 174.36                     | 385.94                 | 394.98                 | 362.66                 |
| Addition / (disposals) to lease liabilities | (47.13)                    | (132.56)                   | (6.31)                 | (196.10)               | 270.27                 |
| <b>Closing balance</b>                      |                            |                            |                        |                        |                        |
| Borrowings                                  | 407.04                     | 459.97                     | 458.83                 | 553.54                 | 504.52                 |
| Lease liability                             | 4,889.43                   | 4,367.24                   | 4,705.07               | 4,325.44               | 4,126.56               |

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

for and on behalf of the Board of Directors of

**Rainbow Children's Medicare Limited**

(formerly known as "Rainbow Children's Medicare Private Limited")

CIN: U85110TG1998PLC029914

**Hemant Maheshwari**

Partner

Membership No.: 096537

**Dr. Ramesh Kancharla**

Chairman and Managing Director

DIN: 00212270

**Dr. Dinesh Kumar Chirla**

Director

DIN: 01395841

**R Gowrisankar**

Chief Financial Officer

**Ashish Kapil**

Company Secretary

Membership No.: A31782

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021

**Rainbow Children's Medicare Limited (formerly know as 'Rainbow Children's Medicare Private Limited')**
**Annexure IV**
**Restated Consolidated Statement of changes in equity**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

| Particulars                                                                                                              | Equity share capital | Other equity         |                 |                              |                 |                  |          | Equity attributable to shareholders of the Company | Non-Controlling Interest | Total Equity |
|--------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|-----------------|------------------------------|-----------------|------------------|----------|----------------------------------------------------|--------------------------|--------------|
|                                                                                                                          |                      | Reserves and surplus |                 |                              |                 |                  |          |                                                    |                          |              |
|                                                                                                                          |                      | Securities premium   | General reserve | Debenture redemption reserve | Capital reserve | Retained earning |          |                                                    |                          |              |
| Balance as at 1 April 2018                                                                                               | 549.03               | 1,513.42             | 43.89           | 25.00                        | -               | 1,487.39         | 3,069.70 | -                                                  | 3,069.70                 |              |
| Impact on account of transition to Ind AS 116, net of related deferred tax (Refer note 2.29 and 2.34) as at 1 April 2018 | -                    | -                    | -               | -                            | -               | (300.01)         | (300.01) | -                                                  | (300.01)                 |              |
|                                                                                                                          | 549.03               | 1,513.42             | 43.89           | 25.00                        | -               | 1,187.38         | 2,769.69 | -                                                  | 2,769.69                 |              |
| Profit for the year                                                                                                      | -                    | -                    | -               | -                            | -               | 445.90           | 445.90   | -                                                  | 445.90                   |              |
| Transferred during the year                                                                                              | -                    | -                    | -               | 100.00                       | -               | -                | 100.00   | -                                                  | 100.00                   |              |
| On account of business combination during the year (Refer note 2.49)                                                     | -                    | -                    | -               | -                            | 8.95            | -                | 8.95     | -                                                  | 8.95                     |              |
| Appropriations:                                                                                                          |                      |                      |                 |                              |                 |                  |          |                                                    |                          |              |
| Amount transferred to debenture redemption reserve                                                                       | -                    | -                    | -               | -                            | -               | (100.00)         | (100.00) | -                                                  | (100.00)                 |              |
| Final dividend on equity shares for the year ended 31 March 2018 i.e. Rs. 1 per share                                    | -                    | -                    | -               | -                            | -               | (43.96)          | (43.96)  | -                                                  | (43.96)                  |              |
| Tax on above final equity dividend                                                                                       | -                    | -                    | -               | -                            | -               | (9.04)           | (9.04)   | -                                                  | (9.04)                   |              |
| Final dividend on Series A CCPS for the year ended 31 March 2018 i.e. Rs. 1 per share                                    | -                    | -                    | -               | -                            | -               | (1.15)           | (1.15)   | -                                                  | (1.15)                   |              |
| Final dividend on Series B CCPS for the year ended 31 March 2018 i.e. Rs. 1 per share                                    | -                    | -                    | -               | -                            | -               | (1.13)           | (1.13)   | -                                                  | (1.13)                   |              |
| Tax on above Series A CCPS final dividend                                                                                | -                    | -                    | -               | -                            | -               | (0.23)           | (0.23)   | -                                                  | (0.23)                   |              |
| Tax on above Series B CCPS final dividend                                                                                | -                    | -                    | -               | -                            | -               | (0.23)           | (0.23)   | -                                                  | (0.23)                   |              |
| Remeasurement of defined benefit liability                                                                               | -                    | -                    | -               | -                            | -               | 5.66             | 5.66     | -                                                  | 5.66                     |              |
| Income tax relating to remeasurement of defined benefit liability                                                        | -                    | -                    | -               | -                            | -               | (1.98)           | (1.98)   | -                                                  | (1.98)                   |              |
| Balance as at 31 March 2019                                                                                              | 549.03               | 1,513.42             | 43.89           | 125.00                       | 8.95            | 1,481.22         | 3,172.48 | -                                                  | 3,172.48                 |              |
| Ind AS 116 transition adjustment (refer Annexure VI)*                                                                    | -                    | -                    | -               | -                            | -               | 433.45           | 433.45   | -                                                  | 433.45                   |              |

\*Also refer note 2.29 and note 2.34

| Particulars                                                                                           | Equity share capital | Other equity         |                 |                              |                 |                  |          | Equity attributable to shareholders of the Company | Non-Controlling Interest | Total Equity |
|-------------------------------------------------------------------------------------------------------|----------------------|----------------------|-----------------|------------------------------|-----------------|------------------|----------|----------------------------------------------------|--------------------------|--------------|
|                                                                                                       |                      | Reserves and surplus |                 |                              |                 |                  |          |                                                    |                          |              |
|                                                                                                       |                      | Securities premium   | General reserve | Debenture redemption reserve | Capital reserve | Retained earning |          |                                                    |                          |              |
| Balance as at 1 April 2019                                                                            | 549.03               | 1,513.42             | 43.89           | 125.00                       | 8.95            | 1,914.67         | 3,605.93 | -                                                  | 3,605.93                 |              |
| Impact on account of transition to Ind AS 116, net of related deferred tax (Refer note 2.29 and 2.34) | -                    | -                    | -               | -                            | -               | (490.08)         | (490.08) | -                                                  | (490.08)                 |              |
| Profit/(loss) for the year                                                                            | -                    | -                    | -               | -                            | -               | 557.29           | 557.29   | (3.89)                                             | 553.40                   |              |
| Non-controlling interest in the subsidiary                                                            | -                    | -                    | -               | -                            | -               | -                | -        | 43.00                                              | 43.00                    |              |
| Amount transferred                                                                                    | -                    | -                    | -               | (75.00)                      | -               | 75.00            | -        | -                                                  | -                        |              |
| Appropriations:                                                                                       |                      |                      |                 |                              |                 |                  |          |                                                    |                          |              |
| Final dividend on equity shares for the year ended 31 March 2019 i.e. Re. 1 per share                 | -                    | -                    | -               | -                            | -               | (44.01)          | (44.01)  | -                                                  | (44.01)                  |              |
| Tax on above final equity dividend                                                                    | -                    | -                    | -               | -                            | -               | (9.04)           | (9.04)   | -                                                  | (9.04)                   |              |
| Final dividend on Series A CCPS for the year ended 31 March 2019 i.e. Re. 1 per share                 | -                    | -                    | -               | -                            | -               | (1.14)           | (1.14)   | -                                                  | (1.14)                   |              |
| Final dividend on Series B CCPS for the year ended 31 March 2019 i.e. Re. 1 per share                 | -                    | -                    | -               | -                            | -               | (1.13)           | (1.13)   | -                                                  | (1.13)                   |              |
| Tax on above Series A CCPS final dividend                                                             | -                    | -                    | -               | -                            | -               | (0.24)           | (0.24)   | -                                                  | (0.24)                   |              |
| Tax on above Series B CCPS final dividend                                                             | -                    | -                    | -               | -                            | -               | (0.24)           | (0.24)   | -                                                  | (0.24)                   |              |
| Interim dividend on equity shares for the year ended 31 March 2020 i.e. Rs. 2 per share               | -                    | -                    | -               | -                            | -               | (87.92)          | (87.92)  | -                                                  | (87.92)                  |              |
| Tax on above interim equity dividend                                                                  | -                    | -                    | -               | -                            | -               | (18.07)          | (18.07)  | -                                                  | (18.07)                  |              |
| Interim dividend on Series A CCPS for the year ended 31 March 2020 i.e. Rs. 2 per share               | -                    | -                    | -               | -                            | -               | (2.29)           | (2.29)   | -                                                  | (2.29)                   |              |
| Interim dividend on Series B CCPS for the year ended 31 March 2020 i.e. Rs. 2 per share               | -                    | -                    | -               | -                            | -               | (2.27)           | (2.27)   | -                                                  | (2.27)                   |              |
| Tax on above interim Series A CCPS dividend                                                           | -                    | -                    | -               | -                            | -               | (0.47)           | (0.47)   | -                                                  | (0.47)                   |              |
| Tax on above interim Series B CCPS dividend                                                           | -                    | -                    | -               | -                            | -               | (0.47)           | (0.47)   | -                                                  | (0.47)                   |              |
| Remeasurement of defined benefit liability                                                            | -                    | -                    | -               | -                            | -               | (1.27)           | (1.27)   | -                                                  | (1.27)                   |              |
| Income tax relating to remeasurement of defined benefit liability                                     | -                    | -                    | -               | -                            | -               | 0.42             | 0.42     | -                                                  | 0.42                     |              |
| Balance as at 31 March 2020                                                                           | 549.03               | 1,513.42             | 43.89           | 50.00                        | 8.95            | 1,888.74         | 3,505.00 | 39.11                                              | 3,544.11                 |              |

## **1. Significant accounting policies**

### **1.1 Group information**

Rainbow Children's Medicare Limited (formerly known as Rainbow Children's Medicare Private Limited) ('the Company' or 'Parent Company' or 'Holding Company') was incorporated on 07 August 1998 as a Private Limited Company under the Companies Act, 1956. The Company is primarily engaged in the business of rendering medical and healthcare services.

As a part of its business activities, the Company holds interests in its subsidiaries (the Company and its subsidiaries hereinafter referred to as the 'Group') through which it manages and operate a network of hospitals.

The Company was converted into a public limited company under the Companies Act, 2013 on 20 November 2021 and consequently, the name was changed to "Rainbow Children's Medicare Limited".

### **1.2 Basis of preparation and measurement of Restated Consolidated Financial Information**

#### **(i) Statement of compliance and Basis of preparation**

The Restated Consolidated Balance Sheet of the Group as at 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020 and 31 March 2019 the related Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity, and the Restated Consolidated Statement of Cash Flows for the period / year ended 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020 and 31 March 2019 and the Significant accounting policies and Restated Other Financial Information (together referred to as 'Restated Consolidated Financial Information') have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rule, 2016 and other relevant provisions of the Act.

The Restated Consolidated Financial Information have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the Restated Consolidated Financial Information.

The Restated Consolidated Financial Information has been prepared for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with proposed Initial Public Offering of its equity shares, in accordance with the requirements of:

- Section 26 of part I of Chapter III of the Act;
- relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ('SEBI') as amended in pursuance of the Securities and Exchange Board of India Act, 1992; and
- Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI").

**(i) Statement of compliance and Basis of preparation (continued)**

The Restated Consolidated Financial Information has been compiled by the Group from:

- Audited Interim Consolidated financial statements of the Group as at and for the six months period ended 30 September 2021 and 30 September 2020 (being comparative period for the financials for the six months period ended 30 September 2021) prepared in accordance with the Indian Accounting Standard 34 “Interim Financial Reporting” (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India;
- Audited Consolidated financial statements of the Group as at and for year ended 31 March 2021, 31 March 2020 and 31 March 2019 prepared in accordance with Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India;
- there were no changes in accounting policies during the period / year of these financial statements, except for the new and amended Ind AS 116 “Leases” - Refer Annexure VI and note 1.3;
- there were no material amounts which have been adjusted for in arriving at profit of the respective periods; and
- there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Interim Consolidated financial statements of the Group as at and for the period ended 30 September 2021 and the requirements of the SEBI Regulations.

The Group has given adjustments for lease accounting in accordance with Ind AS 116 which came into effect on 1 April 2019 using modified retrospective approach and all the related figures have been reclassified / regrouped to give effect to the requirements of Ind AS 116, refer Annexure VI - "Statement of Restated Adjustment to Restated Consolidated Financial Information".

The Restated Consolidated Financial Information were approved by the Board of Directors and authorised for issue on 23 December 2021.

**(ii) Basis of Measurement:**

The Restated Consolidated Financial Information have been prepared on 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. |

### **(iii) Functional and Presentation Currency**

These Restated Consolidated Financial Information are presented in Indian Rupees (INR or Rs.), which is also the Group's functional currency. All amounts have been rounded-off to two decimal places to the nearest million, unless otherwise indicated.

### **(iv) Use of estimates and judgements:**

In preparing these Restated Consolidated Financial Information, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Changes in estimates are reflected in the financial estimates in the period in which changes are made and if material, their effects are disclosed in the notes to the Restated Consolidated Financial Information.

### **Judgments**

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the Restated Consolidated Financial Information is included in the following notes:

- Lease Classification and identification of lease component [refer note 2.34]

### **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- recognition of deferred tax assets: availability of future taxable profits against which tax losses carried forward can be used. [note 2.29(d)]
- measurement of defined benefit obligations; key actuarial assumptions. [note 2.32]
- useful life of tangible and intangible assets [note 2.1(a and b)]
- impairment test of non-financial assets including goodwill; key assumptions underlying recoverable amounts [note 2.1(b)]
- recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources. [note 2.30]

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**(v) Subsidiaries considered in the Restated Consolidated Financial Information**

| Name of the Company                                           | Country of Incorporation | Proportion of ownership interest (%) and voting power held |                         |                     |                     |                     |
|---------------------------------------------------------------|--------------------------|------------------------------------------------------------|-------------------------|---------------------|---------------------|---------------------|
|                                                               |                          | As at 30 September 2021                                    | As at 30 September 2020 | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
| <b>Subsidiary Companies</b>                                   |                          |                                                            |                         |                     |                     |                     |
| Rainbow Children's Hospital Private Limited (RCHPL)           | India                    | 99.99                                                      | 99.99                   | 99.99               | 99.99               | 99.99               |
| Rainbow Women & Children's Hospitals Private Limited (RWCHPL) | India                    | 99.99                                                      | 99.99                   | 99.99               | 99.99               | 99.99               |
| Rainbow Speciality Hospitals Private Limited (RSHPL)          | India                    | 78.81                                                      | 76.11                   | 84.17               | 76.11               | 99.99               |
| Rosewalk Healthcare Private Limited (RWHPL)                   | India                    | 99.99                                                      | 99.99                   | 99.99               | 99.99               | 99.99               |
| Rainbow Fertility Private Limited (RFPL)                      | India                    | 99.99                                                      | 99.99                   | 99.99               | 99.99               | -                   |
| Rainbow C R O Private Limited (RCPL)                          | India                    | 99.99                                                      | 99.99                   | 99.99               | 99.99               | -                   |

**Business combination and goodwill**

Business combinations are accounted for under Ind AS 103 using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.



**(v) Subsidiaries considered in the Restated Consolidated Financial Information (continued)**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

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## **(vi) Principles of consolidation**

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (ii) Exposure, or rights, to variable returns from its involvement with the investee, and
- (iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements;
- (iii) The Group's voting rights and potential voting rights;
- (iv) The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when the Group obtains control over that entity and ceases when the Group loses control over the entity. Assets, liabilities, income and expenses of an entity acquired or disposed of during the year are included in these Restated Consolidated Financial Information from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The Restated Financial Information of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income, expenses and cash flows after eliminating intra-group balances/ transactions and resulting unrealised profits in full. Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory, property, plant and equipment are eliminated in full). Unrealised losses resulting from intra-group transactions have also been eliminated in full as per Ind AS 110. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.

**(vi) Principles of consolidation (continued)**

The excess/ deficit of cost to the Parent Company of its investment in the subsidiaries over its portion of equity at the respective dates on which investment in such entities were made is recognised in the Restated Consolidated Financial Information as goodwill/ capital reserve. The Parent Company's portion of equity in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions, up to the date of investment.

Non-Controlling Interests (NCI) in the net assets of consolidated subsidiaries consists of: (a) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and (b) the minorities' share of movements in equity since the date the holding subsidiary relationship came into existence.

The Restated Consolidated Financial Information are presented, to the extent possible, in the same format as that adopted by the Parent Company for its separate financial statements.

The Restated Consolidated Financial Information are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Restated Consolidated Financial Information for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial information in preparing the Restated Consolidated Financial Information to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e. year ended on 31 March.

**(vii) Current versus Non-current classification**

All assets and liabilities are classified into current and non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

**Assets**

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

- i. it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realised within 12 months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

**(vii) Current versus Non-current classification (continued)**

**Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be settled in the Group's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is due to be settled within 12 months after the reporting date; or
- iv. the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

**Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

**(viii) Measurement of fair values**

Group accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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).

### (viii) Measurement of fair values (continued)

- 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 a 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.

Further information about the assumptions made in measuring fair values is included in the following notes in Financial instruments [note 2.44]

## 1.3 Significant accounting policies

### a. Financial Instruments

#### i. Recognition and initial measurement

The Group initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

#### ii. Classification and subsequent measurement

##### **Financial assets:**

##### *Financial assets carried at amortised cost*

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order 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.

##### *Financial assets at fair value through other comprehensive income*

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

##### *Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

##### **Financial liabilities:**

Financial liabilities are subsequently carried at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### **1.3 Significant accounting policies (continued)**

#### **a. Financial Instruments (continued)**

##### **iii. 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 right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets 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 a new financial liability with modified terms is recognised in the statement of profit and loss.

###### **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 realise the asset and settle the liability simultaneously.

#### **b. Property, plant and equipment**

##### **i. Recognition and measurement:**

Items of property, plant and equipment are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any. The cost on item of property, plant and equipment comprises its purchase price, taxes, duties, freight and any other directly attributable costs of bringing the assets to their working condition for their intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

### 1.3 Significant accounting policies (continued)

#### b. Property, plant and equipment (continued)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in the consolidated statement of profit and loss.

#### ii. Subsequent costs:

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the consolidated statement of profit and loss as incurred.

#### iii. Depreciation:

Depreciation on Property, plant and equipment (other than for those class of assets specifically mentioned below) is calculated on a straight-line basis as per the useful life prescribed and in the manner laid down under Schedule II to the Companies Act 2013 and additions and deletions are restricted to the period of use. Depreciation is charged to consolidated statement of profit and loss.

| Description            | Useful life (in years) by Management | Useful life (in years) under Schedule II of the Act |
|------------------------|--------------------------------------|-----------------------------------------------------|
| Buildings              | 60 years                             | 60 years                                            |
| Medical equipments*    | 7 years                              | 13 years                                            |
| Plant and equipments   | 15 years                             | 15 years                                            |
| Office equipments      | 5 years                              | 5 years                                             |
| Vehicles*              | 5 years                              | 8 years                                             |
| Computers              | 3 years                              | 3 years                                             |
| Furniture and Fixtures | 10 years                             | 10 years                                            |

If the Management's estimate of the useful life of a property, plant and equipment is different than that envisaged in the aforesaid Schedule, depreciation is provided based on the Management's estimate of the useful life. Pursuant to this policy, depreciation on the following class of property, plant and equipment has been provided at the rates based on the following useful lives of property, plant and equipment as estimated by Management which is different from the useful life prescribed under Schedule II of the Companies Act, 2013.

\*For these classes of assets, based on technical evaluation, the Management believes that the useful lives as given above best represents the period over which Management expects to use these assets. Hence, the useful lives of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

### **1.3 Significant accounting policies (continued)**

#### **b. Property, plant and equipment (continued)**

Leasehold Improvements are amortised over the period of lease or the estimated useful life, whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively.

- v. Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date.

#### **c. Intangible assets and amortisation:**

Computer software acquired by the Group, the value of which is not expected to diminish in the foreseeable future, is capitalised and recorded in the Balance sheet as computer software at cost of acquisition less accumulated amortisation and accumulated impairment losses.

Computer software is amortised on straight line basis over a period of five years.

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted if appropriate.

Intangible asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the restated consolidated statement of profit and loss, when the asset is derecognised.

#### **d. Impairment of assets**

##### **i. Impairment of financial assets**

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and trade receivables. At each reporting date, the Group assesses whether these financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group measures loss allowances at an amount equal to lifetime expected credit losses.

The Group evaluates the collectability of the financial assets on an on-going basis and write-off the financial assets when they are deemed to be uncollectible.



### 3 Significant accounting policies (continued)

#### d. Impairment of assets (continued)

##### *Measurement of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

##### *Presentation of allowance for expected credit losses in the balance sheet*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### ii. Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **1.3 Significant accounting policies (continued)**

#### **e. Investments**

Equity investments which are in scope of Ind AS 109 are measured at fair value. For all other equity instruments in scope of Ind AS 109, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

#### **f. Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable. The Group follows the weighted average method for determining the cost of such inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

#### **g. Capital advances**

Advances paid towards acquisition of tangible and intangible assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

#### **h. Employee benefits**

##### **i. Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

##### **ii. Post-employment benefit**

###### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit or loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

### 1.3 Significant accounting policies (continued)

#### h. Employee benefits (continued)

##### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other comprehensive income (OCI). The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

##### **Compensated absences**

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

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### **1.3 Significant accounting policies (continued)**

#### **i. Revenue recognition**

The Group's revenue from medical and healthcare services comprises of income from hospital services and sale of pharmacy items.

Income from hospital services is recognised as revenue when the related services are rendered. The performance obligations for this stream of revenue include accommodation, surgery, medical/clinical professional services, food and beverages, investigation and supply of pharmaceutical and related products.

Revenue is measured based on the transaction price, which is the fixed consideration adjusted for components of variable consideration which constitutes discounts, estimated disallowances and any other rights and obligations as specified in the contract with the customer. In determining the transaction price for the hospital services, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). Revenue also excludes taxes collected from customers and deposited back to the respective statutory authorities. Revenue is recognised at the point in time for the inpatient / outpatient hospital services when the related services are rendered at the transaction price.

'Unbilled revenue' represents value to the extent of medical and healthcare services rendered to the patients who are undergoing treatment/ observation on the balance sheet date and is not billed as at the balance sheet date.

Revenue from sale of pharmacy and sale of food and beverages is recognised when it transfers control over a good or service to the customer, generally on delivery of product to the customer.

Medical service fee is recognised when the related services are rendered unless significant future uncertainties exist.

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. Interest income is included in other income in the Restated Consolidated Statement of profits and losses

Dividend income is recognised when the right to receive payment is established.

#### **Contract balances:**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

### 1.3 Significant accounting policies (continued)

#### j. Leases

A new lease standard i.e., Ind AS 116 has been notified to be effective w.e.f. 1 April 2019 which provide guidelines for the accounting of the lease contracts entered in the capacity of a lessee and a lessor. For the purpose of preparation of Restated Consolidated Financial Information, the Management has evaluated the impact of change in accounting policies on adoption of Ind AS 116 for the year ended 31 March 2019. Hence in these Restated Consolidated Financial Information, Ind AS 116 has been adopted with effect from April 1, 2018 following modified retrospective method (i.e. on 1 April 2018 the Group has measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application).

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term and leases of low value;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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### 1.3 Significant accounting policies (continued)

#### j. Leases (continued)

##### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right of- use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

##### ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate as at the commencement of lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### **1.3 Significant accounting policies (continued)**

#### **j. Leases (continued)**

##### **ii) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### **k. Income-tax**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

##### **Current tax:**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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 realise the asset and settle the liability on a net basis or simultaneously.

##### **Deferred tax:**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax is also recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

### **1.3. Significant accounting policies (continued)**

#### **k. Income tax (continued)**

Deferred tax assets recognised or unrecognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, 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.

#### **l. Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the 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 year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

#### **m. Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When the Group expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



### **1.3. Significant accounting policies (continued)**

#### **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.

#### **n. Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the Restated Consolidated Financial Information. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### **o. Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

#### **p. Foreign currencies**

Transactions in foreign currencies are initially recorded by the Group at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### **1.3. Significant accounting policies (continued)**

#### **q. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit/ (loss) 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 and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing activities and financing activities of the Group are segregated.

#### **r. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Where bank overdrafts/ cash credits which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. Bank overdrafts are shown within short term-borrowings in the balance sheet.

#### **s. Estimation of uncertainties relating to the global health pandemic from COVID-19:**

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, loans, intangibles, inventories and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these Restated Consolidated Financial Information has used internal and external sources of information. The Group has performed sensitivity analysis on the assumptions used and based on current estimates, the Group expects to fully recover the carrying amount of receivables, loans, intangibles, inventories and investments . As the outbreak continues to evolve, the Group will continue to closely monitor any material changes to future economic conditions.

#### **t. Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial information. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

#### **u. Recent accounting pronouncements:**

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as amended from time to time. There are no such recently issued standards or amendments to the existing standards for which the impact on the Restated Consolidated Financial Information is required to be disclosed.

**Rainbow Children's Medicare Limited (formerly know as 'Rainbow Children's Medicare Private Limited')**

**Annexure IV**

**Restated Consolidated Statement of changes in equity**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

| Particulars                                                       | Equity share capital | Other equity         |                 |                              |                 |                  |                                                    |                          |              |
|-------------------------------------------------------------------|----------------------|----------------------|-----------------|------------------------------|-----------------|------------------|----------------------------------------------------|--------------------------|--------------|
|                                                                   |                      | Reserves and surplus |                 |                              |                 |                  | Equity attributable to shareholders of the Company | Non-Controlling Interest | Total Equity |
|                                                                   |                      | Securities premium   | General reserve | Debenture redemption reserve | Capital reserve | Retained earning |                                                    |                          |              |
| Balance as at 1 April 2020                                        | 549.03               | 1,513.42             | 43.89           | 50.00                        | 8.95            | 1,888.74         | 3,505.00                                           | 39.11                    | 3,544.11     |
| Profit/(loss) for the period                                      | -                    | -                    | -               | -                            | -               | 235.19           | 235.19                                             | (2.04)                   | 233.15       |
| Amount transferred from debenture redemption reserve              | -                    | -                    | -               | -                            | -               | 5.00             | 5.00                                               | -                        | 5.00         |
| Appropriations:                                                   |                      |                      |                 |                              |                 |                  |                                                    |                          |              |
| Amount transferred                                                | -                    | -                    | -               | (5.00)                       | -               | -                | (5.00)                                             | -                        | (5.00)       |
| Remeasurement of defined benefit liability                        | -                    | -                    | -               | -                            | -               | 3.63             | 3.63                                               | (0.04)                   | 3.59         |
| Income tax relating to remeasurement of defined benefit liability | -                    | -                    | -               | -                            | -               | (0.91)           | (0.91)                                             | 0.01                     | (0.90)       |
| Balance as at 30 September 2020                                   | 549.03               | 1,513.42             | 43.89           | 45.00                        | 8.95            | 2,131.65         | 3,742.91                                           | 37.04                    | 3,779.95     |

| Particulars                                                       | Equity share capital | Other equity         |                 |                              |                 |                  |                                                    |                          |              |
|-------------------------------------------------------------------|----------------------|----------------------|-----------------|------------------------------|-----------------|------------------|----------------------------------------------------|--------------------------|--------------|
|                                                                   |                      | Reserves and surplus |                 |                              |                 |                  | Equity attributable to shareholders of the Company | Non-Controlling Interest | Total Equity |
|                                                                   |                      | Securities premium   | General reserve | Debenture redemption reserve | Capital reserve | Retained earning |                                                    |                          |              |
| Balance as at 1 April 2020                                        | 549.03               | 1,513.42             | 43.89           | 50.00                        | 8.95            | 1,888.74         | 3,505.00                                           | 39.11                    | 3,544.11     |
| Profit/(loss) for the year                                        | -                    | -                    | -               | -                            | -               | 400.18           | 400.18                                             | (4.50)                   | 395.68       |
| Non-controlling interest in the subsidiary                        | -                    | -                    | -               | -                            | -               | -                | -                                                  | (14.50)                  | (14.50)      |
| Amount transferred from debenture redemption reserve              | -                    | -                    | -               | -                            | -               | 5.00             | 5.00                                               | -                        | 5.00         |
| Appropriations:                                                   |                      |                      |                 |                              |                 |                  |                                                    |                          |              |
| Amount transferred                                                | -                    | -                    | -               | (5.00)                       | -               | -                | (5.00)                                             | -                        | (5.00)       |
| Remeasurement of defined benefit liability                        | -                    | -                    | -               | -                            | -               | 12.51            | 12.51                                              | 0.03                     | 12.54        |
| Income tax relating to remeasurement of defined benefit liability | -                    | -                    | -               | -                            | -               | (3.09)           | (3.09)                                             | (0.01)                   | (3.10)       |
| Balance as at 31 March 2021                                       | 549.03               | 1,513.42             | 43.89           | 45.00                        | 8.95            | 2,303.34         | 3,914.60                                           | 20.13                    | 3,934.73     |

| Particulars                                                                           | Equity share capital | Other equity         |                 |                              |                 |                  |                                                    |                          |              |
|---------------------------------------------------------------------------------------|----------------------|----------------------|-----------------|------------------------------|-----------------|------------------|----------------------------------------------------|--------------------------|--------------|
|                                                                                       |                      | Reserves and surplus |                 |                              |                 |                  | Equity attributable to shareholders of the Company | Non-Controlling Interest | Total Equity |
|                                                                                       |                      | Securities premium   | General reserve | Debenture redemption reserve | Capital reserve | Retained earning |                                                    |                          |              |
| Balance as at 1 April 2021                                                            | 549.03               | 1,513.42             | 43.89           | 45.00                        | 8.95            | 2,303.34         | 3,914.60                                           | 20.13                    | 3,934.73     |
| Profit/(loss) for the period                                                          | -                    | -                    | -               | -                            | -               | 811.29           | 811.29                                             | 0.89                     | 812.18       |
| Non-controlling interest in subsidiaries                                              | -                    | -                    | -               | -                            | -               | 0.58             | 0.58                                               | 10.37                    | 10.95        |
| Amount transferred from debenture redemption reserve                                  | -                    | -                    | -               | -                            | -               | 5.00             | 5.00                                               | -                        | 5.00         |
| Appropriations:                                                                       |                      |                      |                 |                              |                 |                  |                                                    |                          |              |
| Amount transferred                                                                    | -                    | -                    | -               | (5.00)                       | -               | -                | (5.00)                                             | -                        | (5.00)       |
| Final dividend on equity shares for the year ended 31 March 2021 i.e. Rs. 2 per share | -                    | -                    | -               | -                            | -               | (87.92)          | (87.92)                                            | -                        | (87.92)      |
| Final dividend on Series A CCPS for the year ended 31 March 2021 i.e. Rs. 2 per share | -                    | -                    | -               | -                            | -               | (2.29)           | (2.29)                                             | -                        | (2.29)       |
| Final dividend on Series B CCPS for the year ended 31 March 2021 i.e. Rs. 2 per share | -                    | -                    | -               | -                            | -               | (2.27)           | (2.27)                                             | -                        | (2.27)       |
| Remeasurement of defined benefit liability                                            | -                    | -                    | -               | -                            | -               | 5.70             | 5.70                                               | 0.04                     | 5.74         |
| Income tax relating to remeasurement of defined benefit liability                     | -                    | -                    | -               | -                            | -               | (1.43)           | (1.43)                                             | (0.01)                   | (1.44)       |
| Balance as at 30 September 2021                                                       | 549.03               | 1,513.42             | 43.89           | 40.00                        | 8.95            | 3,032.00         | 4,638.26                                           | 31.42                    | 4,669.68     |

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

for and on behalf of the Board of Directors of

**Rainbow Children's Medicare Limited**

(formerly known as "Rainbow Children's Medicare Private Limited")

CIN: U85110TG1998PLC029914

**Hemant Maheshwari**

Partner

Membership No.: 096537

**Dr. Ramesh Kancharla**

Chairman and Managing Director

DIN: 00212270

**Dr. Dinesh Kumar Chirla**

Director

DIN: 01395841

**R Gowrisankar**

Chief Financial Officer

**Ashish Kapil**

Company Secretary

Membership No.: A31782

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021

## Annexure VI - Statement of Adjustments to Restated Consolidated Financial Information

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**Part A: Statement of restatement adjustments**

Summarised below are the restatement adjustments made to the profit after tax of the Audited Consolidated Financial Statements of the Group for the six months period ended 30 September 2021 and 30 September 2020 and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 and their consequential impact on the profit/(loss) of the Group:

| Particulars                                                                    | Note no. | For the six months period ended 30 September 2021 | For the six months period ended 30 September 2020 | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------------------------------------------------------------------|----------|---------------------------------------------------|---------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Net profit after tax as per audited consolidated financial statements          |          | 812.18                                            | 233.15                                            | 395.68                           | 553.40                           | 579.34                           |
| <b>Adjustments</b>                                                             |          |                                                   |                                                   |                                  |                                  |                                  |
| <b>Material restatement adjustments</b>                                        |          |                                                   |                                                   |                                  |                                  |                                  |
| (i) Audit qualifications                                                       |          | -                                                 | -                                                 | -                                | -                                | -                                |
| <b>Total</b>                                                                   |          | -                                                 | -                                                 | -                                | -                                | -                                |
| (ii) Adjustments due to prior period items / other adjustments                 |          |                                                   |                                                   |                                  |                                  |                                  |
| Adjustments on account of adoption of Ind AS 116                               |          |                                                   |                                                   |                                  |                                  |                                  |
| Depreciation                                                                   |          | -                                                 | -                                                 | -                                | -                                | (233.94)                         |
| Finance cost                                                                   |          | -                                                 | -                                                 | -                                | -                                | (362.66)                         |
| Lease expenses                                                                 |          | -                                                 | -                                                 | -                                | -                                | 395.64                           |
| <b>Total</b>                                                                   |          | -                                                 | -                                                 | -                                | -                                | <b>(200.96)</b>                  |
| (iii) Deferred tax impact on adjustments in (i) and (ii), as applicable        |          |                                                   |                                                   |                                  |                                  |                                  |
| Deferred tax impact on restatement adjustments                                 |          | -                                                 | -                                                 | -                                | -                                | 67.52                            |
| <b>Net profit after tax as per Restated Consolidated Financial Information</b> |          | <b>812.18</b>                                     | <b>233.15</b>                                     | <b>395.68</b>                    | <b>553.40</b>                    | <b>445.90</b>                    |

Summarised below are the restatement adjustments made to equity of the Audited Consolidated Financial Statements of the Group for the six months period ended 30 September 2021 and 30 September 2020 and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 and their consequential impact on the profit/(loss) of the Group:

| Particulars                                                             | Note no. | As at 30 September 2021 | As at 30 September 2020 | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------------------------------------------------|----------|-------------------------|-------------------------|---------------------|---------------------|---------------------|
| Total Equity as per audited consolidated financial statements           |          | 5,218.71                | 4,328.98                | 4,483.76            | 4,093.14            | 4,154.96            |
| <b>Adjustments</b>                                                      |          |                         |                         |                     |                     |                     |
| <b>Material restatement adjustments</b>                                 |          |                         |                         |                     |                     |                     |
| (i) Audit qualifications                                                |          | -                       | -                       | -                   | -                   | -                   |
| (ii) Adjustments due to prior period items/other adjustments            |          |                         |                         |                     |                     |                     |
| Adjustments on account of adoption of Ind AS 116                        | 1        | -                       | -                       | -                   | -                   | (630.53)            |
| (iii) Deferred tax impact on adjustments in (i) and (ii), as applicable |          |                         |                         |                     |                     |                     |
| Deferred tax impact on restatement adjustments                          |          | -                       | -                       | -                   | -                   | 197.08              |
| <b>Total (i + ii + iii)</b>                                             |          | -                       | -                       | -                   | -                   | <b>(433.45)</b>     |
| <b>Total equity as per Restated Consolidated Financial Information</b>  |          | <b>5,218.71</b>         | <b>4,328.98</b>         | <b>4,483.76</b>     | <b>4,093.14</b>     | <b>3,721.51</b>     |

**Note : 1 Adjustments on account of adoption of Ind AS 116**

Ind AS 116 - "Leases", which is mandatory w.e.f. 1 April 2019, has replaced existing Ind AS 17 - "Leases". The Group has applied the modified retrospective approach on transition w.e.f. 1 April 2019. However for the restatement purpose, modified retrospective approach has been applied w.e.f. 1 April 2018. The effect of implementing the standard is as under :

- Right of use (ROU) asset recognised on 1 April 2018
- Lease liability recognised on 1 April 2018
- Other expenses are lower in year ended 31 March 2019 by Rs. 395.64 million
- Depreciation and amortisation expenses are higher in year ended 31 March 2019 by Rs. 233.94 million
- Finance costs are higher in year ended 31 March 2019 by Rs. 362.66 million

As required by the Guidance Note, an adjustment of Rs. 56.63 million has been recorded in retained earnings on 1 April 2019 with a corresponding impact in Right-of-use assets to reflect and carry forward the opening balance in these line items as per the Audited Consolidated financial statements for year ended 31 March 2020.

**Part B - Material Regrouping : None**

Appropriate regroupings have been made in the Restated Consolidated Balance Sheet, Restated Consolidated Statement of Profit and Loss and Restated Statement of Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cashflows, in order to bring them in line with the accounting policies and classification as per Ind AS financial information of the Company for the six months period ended 30 September 2021 prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital &amp; Disclosure Requirements) Regulations 2018, as amended.

**Part C: Reconciliation of total equity as per audited consolidated financial statements with total equity as per Restated Consolidated Financial Information as at 31 March 2019:**

The Group has followed the same accounting policy choices (transition options as per Ind AS 116) as adopted on 1 April 2019 for transition to Ind AS 116, while preparing the Restated Consolidated Financial Information for each of the year ended 31 March 2021, 31 March 2020 and 31 March 2019. As specified in the Guidance Note, the equity balance computed under Restated Consolidated Financial Information for the year ended 31 March 2019 and equity balance as per audited consolidated financial statements on 1 April 2019, differs due to restatement adjustments made for the year ended 31 March 2019. Accordingly, following balances as at 31 March 2019 of the Restated Consolidated Financial Information has not been carried forward to opening balance sheet as at 1 April 2019.

| Particulars                                                                                                   | Right-of-use assets | Deferred Tax | Lease liability | Other non-current assets and current assets | Retained earnings |
|---------------------------------------------------------------------------------------------------------------|---------------------|--------------|-----------------|---------------------------------------------|-------------------|
| Balance as per Restated Consolidated Financial Information as at 31 March 2019                                | 3,564.65            | 180.09       | 4,126.56        | 162.73                                      | 1,481.22          |
| Add: Adjustment on account of transition to Ind AS 116 (including corresponding deferred tax)                 | (3,564.65)          | (197.08)     | (4,126.56)      | 68.62                                       | 433.45            |
| Balance as at 31 March 2019 as per audited consolidated financial statements for the year ended 31 March 2019 | -                   | (16.99)      | -               | 231.35                                      | 1,914.67          |

**Part D - Non-adjusting items:**

Audit Qualifications in Annexure to Auditors' Report, which do not require any corrective adjustments in the Restated Consolidated Financial Information.

In addition to the audit opinion on the consolidated financial statements, the auditors are required to comment upon the matters included in the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") issued by the Central Government of India under sub-section (11) of Section 143 of Companies Act, 2013 on the standalone financial statements as at and for the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 respectively. Certain statements/comments included in the CARO in the standalone financial statements, which do not require any adjustments in the Restated Consolidated Financial Information are reproduced below in respect of the financial statements presented.

**Rainbow Children's Medicare Limited** (formerly known as Rainbow Children's Medicare Private Limited)

**For the year ended 31 March 2019****Clause (i)(c) of CARO 2016 Order**

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 immoveable property as disclosed in note 2.1(a)(i) on Property, plant and equipment to the standalone financial statements, is not held in the name of the Company.

| Total number of cases | Whether leasehold or freehold | Gross block as at 31 March 2019 | Net block as at 31 March 2019 |
|-----------------------|-------------------------------|---------------------------------|-------------------------------|
| 1                     | Freehold                      | 33.06                           | 33.06                         |

**Clause (vii)(b) of CARO 2016 Order**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Service tax, Goods and Service tax and Duty of Customs which have not been deposited with appropriate authorities on account of any dispute. However, the Company disputes the dues of Income-tax, Sales tax and Value added tax as set out below:

| Name of the statute                      | Nature of dues                         | Amount in million                                    | Period to which the amount relates     | Forum where the dispute is pending                                                                                                     |
|------------------------------------------|----------------------------------------|------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Income-tax Act, 1961                     | Income Tax<br>Income Tax<br>Income Tax | 0.35<br>0.05<br>2.38<br>(0.48 is paid under protest) | FY 2010-11<br>FY 2012-13<br>FY 2013-14 | Commissioner of Income tax, Hyderabad<br>Deputy Commissioner of Income tax, Hyderabad<br>Commissioner of Income tax Appeals, Hyderabad |
| Central Sales Tax Act, 1956              | Sales tax                              | 1.76                                                 | FY 2015-16                             | Commercial Tax Officer, Hyderabad                                                                                                      |
| Andhra Pradesh Value Added Tax Act, 2005 | Value added tax                        | 4.19                                                 | FY 2014-15 and 2015-16                 | Commercial Tax Officer, Hyderabad                                                                                                      |
| Andhra Pradesh Tax on Luxuries Act, 1987 | Luxury Tax                             | 18.55<br>(8.30 paid under protest)                   | FY 2010-11 to 2013-14                  | High Court of Telangana                                                                                                                |

**For the year ended 31 March 2020****Clause (i)(c) of CARO 2016 Order**

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 immoveable property as disclosed in note 2.1(a)(i) on Property, plant and equipment to the standalone financial statements, is not held in the name of the Company.

| Total number of cases | Whether leasehold or freehold | Gross block as at 31 March 2020 | Net block as at 31 March 2020 |
|-----------------------|-------------------------------|---------------------------------|-------------------------------|
| 1                     | Freehold                      | 33.06                           | 33.06                         |

**Clause (vii)(b) of CARO 2016 Order**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Service tax, Goods and Service tax and Duty of Customs which have not been deposited with appropriate authorities on account of any dispute. However, the Company disputes the dues of Income-tax, Sales tax and Value added tax as set out below:

| Name of the statute                      | Nature of dues           | Amount in million                  | Period to which the amount relates | Forum where the dispute is pending                                             |
|------------------------------------------|--------------------------|------------------------------------|------------------------------------|--------------------------------------------------------------------------------|
| Income-tax Act, 1961                     | Income Tax<br>Income Tax | 7.59<br>1.61                       | FY 2016-17<br>FY 2018-19           | Commissioner of Income tax, Hyderabad<br>Commissioner of Income tax, Hyderabad |
| Andhra Pradesh Value Added Tax Act, 2005 | Value added tax          | 3.92                               | FY 2014-15                         | Commercial Tax Officer, Hyderabad                                              |
| Andhra Pradesh Tax on Luxuries Act, 1987 | Luxury Tax               | 18.55<br>(8.30 paid under protest) | FY 2010-11 to 2013-14              | High Court of Telangana                                                        |

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**For the year ended 31 March 2021****Clause (i)(c) of CARO 2016 Order**

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 immoveable property as disclosed in note 2.1(a)(i) on Property, plant and equipment to the standalone financial statements, is not held in the name of the Company.

| Total number of cases | Whether leasehold or freehold | Gross block as at 31<br>March 2021 | Net block as at 31<br>March 2021 |
|-----------------------|-------------------------------|------------------------------------|----------------------------------|
| 1                     | Freehold                      | 33.06                              | 33.06                            |

**Clause (vii)(b) of CARO 2016 Order**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Service tax, Goods and Service tax and Duty of Customs which have not been deposited with appropriate authorities on account of any dispute. However, the Company disputes the dues of Income-tax, Sales tax and Value added tax as set out below:

| Name of the statute                      | Nature of dues        | Amount in million                  | Period to which the amount relates | Forum where the dispute is pending        |
|------------------------------------------|-----------------------|------------------------------------|------------------------------------|-------------------------------------------|
| Income-tax Act, 1961                     | Income Tax            | 5.99                               | FY 2016-17                         | Commissioner of Income tax, Hyderabad     |
|                                          | Income Tax            | 1.75                               | FY 2018-19                         | Commissioner of Income tax, Hyderabad     |
|                                          | Income Tax            | 12.23                              | FY 2017-18                         | Commissioner of Income tax, Hyderabad     |
| Andhra Pradesh Value Added Tax Act, 2005 | Value added tax       | 3.92                               | FY 2014-15                         | Commercial Tax Officer, Hyderabad         |
| Finance Act, 1994                        | Service Tax           | 5.00                               | October 2015 to June 2017          | Assistant Commissioner Officer, Hyderabad |
| Goods and Service Taxes                  | Goods and Service Tax | 18.24                              | July 2017 to March 2018            | Directorate General of GST, Hyderabad     |
| Andhra Pradesh Tax on Luxuries Act, 1987 | Luxury Tax            | 18.55<br>(8.30 paid under protest) | FY 2010-11 to 2013-14              | High Court of Telangana                   |

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

for and on behalf of the Board of Directors of

**Rainbow Children's Medicare Limited**

(formerly known as "Rainbow Children's Medicare Private Limited")

CIN: U85110TG1998PLC029914

**Hemant Maheshwari**

Partner

Membership No.: 096537

**Dr. Ramesh Kancharla**

Chairman and Managing Director

DIN: 00212270

**Dr. Dinesh Kumar Chirla**

Director

DIN: 01395841

**R Gowrisankar**

Chief Financial Officer

**Ashish Kapil**

Company Secretary

Membership No.: A31782

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021

**Rainbow Children's Medicare Limited (formerly know as 'Rainbow Children's Medicare Private Limited')**
**Annexure VII - Notes to Restated Consolidated Financial Information**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**2.1(a) Property, plant and equipment and Capital work-in-progress**

| Particulars                                                  | Freehold land<br>(refer note (i) below) | Buildings<br>(refer note (i) below) | Leasehold<br>Improvements | Medical equipments | Plant and<br>equipments | Furniture and<br>fixtures | Office<br>equipments | Vehicles      | Computers     | Total           | Capital work-in-<br>progress |
|--------------------------------------------------------------|-----------------------------------------|-------------------------------------|---------------------------|--------------------|-------------------------|---------------------------|----------------------|---------------|---------------|-----------------|------------------------------|
| <b>Gross block</b>                                           |                                         |                                     |                           |                    |                         |                           |                      |               |               |                 |                              |
| <b>Cost as at 1 April 2018</b>                               | 33.06                                   | -                                   | 1,720.59                  | 700.18             | 400.29                  | 274.58                    | 104.61               | 44.83         | 46.82         | 3,324.96        | 116.18                       |
| Additions                                                    | -                                       | -                                   | 388.57                    | 177.77             | 115.22                  | 37.08                     | 18.48                | 13.10         | 12.58         | 762.80          | 162.01                       |
| Acquisitions through business combinations (refer note 2.49) | -                                       | -                                   | 17.22                     | 47.62              | 2.95                    | 18.94                     | 3.45                 | 1.29          | 4.23          | 95.70           | -                            |
| Disposals*                                                   | -                                       | -                                   | (0.02)                    | -                  | -                       | (0.08)                    | -                    | (1.68)        | (0.09)        | (1.87)          | (52.17)                      |
| <b>Cost as at 31 March 2019 (A)</b>                          | <b>33.06</b>                            | <b>-</b>                            | <b>2,126.36</b>           | <b>925.57</b>      | <b>518.46</b>           | <b>330.52</b>             | <b>126.54</b>        | <b>57.54</b>  | <b>63.54</b>  | <b>4,181.59</b> | <b>226.02</b>                |
| <b>Cost as at 1 April 2019</b>                               | 33.06                                   | -                                   | 2,126.36                  | 925.57             | 518.46                  | 330.52                    | 126.54               | 57.54         | 63.54         | 4,181.59        | 226.02                       |
| Additions                                                    | -                                       | -                                   | 116.32                    | 236.32             | 34.67                   | 19.41                     | 17.67                | 40.92         | 10.20         | 475.51          | 506.08                       |
| Disposals*                                                   | -                                       | -                                   | (14.29)                   | (0.01)             | (0.07)                  | (0.09)                    | (2.02)               | (3.12)        | -             | (19.60)         | (306.14)                     |
| <b>Cost as at 31 March 2020 (C)</b>                          | <b>33.06</b>                            | <b>-</b>                            | <b>2,228.39</b>           | <b>1,161.88</b>    | <b>553.06</b>           | <b>349.84</b>             | <b>142.19</b>        | <b>95.34</b>  | <b>73.74</b>  | <b>4,637.50</b> | <b>425.96</b>                |
| <b>Cost as at 1 April 2020</b>                               | 33.06                                   | -                                   | 2,228.39                  | 1,161.88           | 553.06                  | 349.84                    | 142.19               | 95.34         | 73.74         | 4,637.50        | 425.96                       |
| Additions                                                    | -                                       | -                                   | 9.90                      | 64.46              | 2.89                    | 6.07                      | 6.10                 | 15.09         | 8.76          | 113.27          | 346.02                       |
| Disposals*                                                   | -                                       | -                                   | -                         | -                  | -                       | -                         | -                    | (3.48)        | (0.77)        | (4.25)          | (113.27)                     |
| <b>Cost as at 30 September 2020 (E)</b>                      | <b>33.06</b>                            | <b>-</b>                            | <b>2,238.29</b>           | <b>1,226.34</b>    | <b>555.95</b>           | <b>355.91</b>             | <b>148.29</b>        | <b>106.95</b> | <b>81.73</b>  | <b>4,746.52</b> | <b>658.71</b>                |
| <b>Cost as at 1 April 2020</b>                               | 33.06                                   | -                                   | 2,228.39                  | 1,161.88           | 553.06                  | 349.84                    | 142.19               | 95.34         | 73.74         | 4,637.50        | 425.96                       |
| Additions                                                    | -                                       | 393.57                              | 152.91                    | 213.52             | 112.61                  | 53.99                     | 27.74                | 21.66         | 18.66         | 994.66          | 844.70                       |
| Disposals*                                                   | -                                       | -                                   | -                         | -                  | -                       | (0.60)                    | (0.14)               | (8.20)        | (0.99)        | (9.93)          | (983.87)                     |
| <b>Cost as at 31 March 2021 (G)</b>                          | <b>33.06</b>                            | <b>393.57</b>                       | <b>2,381.30</b>           | <b>1,375.40</b>    | <b>665.67</b>           | <b>403.23</b>             | <b>169.79</b>        | <b>108.80</b> | <b>91.41</b>  | <b>5,622.23</b> | <b>286.79</b>                |
| <b>Cost as at 1 April 2021</b>                               | 33.06                                   | 393.57                              | 2,381.30                  | 1,375.40           | 665.67                  | 403.23                    | 169.79               | 108.80        | 91.41         | 5,622.23        | 286.79                       |
| Additions                                                    | -                                       | 4.54                                | 269.02                    | 71.27              | 79.38                   | 21.58                     | 12.19                | 32.34         | 9.20          | 499.52          | 237.47                       |
| Disposals*                                                   | -                                       | -                                   | (4.27)                    | -                  | (1.30)                  | (2.72)                    | (1.31)               | -             | (0.22)        | (9.82)          | (499.52)                     |
| <b>Cost as at 30 September 2021 (I)</b>                      | <b>33.06</b>                            | <b>398.11</b>                       | <b>2,646.05</b>           | <b>1,446.67</b>    | <b>743.75</b>           | <b>422.09</b>             | <b>180.67</b>        | <b>141.14</b> | <b>100.39</b> | <b>6,111.93</b> | <b>24.74</b>                 |
| <b>Accumulated depreciation:</b>                             |                                         |                                     |                           |                    |                         |                           |                      |               |               |                 |                              |
| <b>Accumulated depreciation as at 1 April 2018</b>           | -                                       | -                                   | 149.29                    | 128.32             | 38.12                   | 48.03                     | 39.78                | 15.91         | 25.78         | 445.23          | -                            |
| Depreciation                                                 | -                                       | -                                   | 109.20                    | 126.81             | 33.46                   | 33.50                     | 22.68                | 11.93         | 13.01         | 350.59          | -                            |
| Disposals                                                    | -                                       | -                                   | -                         | -                  | -                       | (0.01)                    | -                    | (1.60)        | (0.03)        | (1.64)          | -                            |
| <b>Accumulated depreciation as at 31 March 2019 (B)</b>      | <b>-</b>                                | <b>-</b>                            | <b>258.49</b>             | <b>255.13</b>      | <b>71.58</b>            | <b>81.52</b>              | <b>62.46</b>         | <b>26.24</b>  | <b>38.76</b>  | <b>794.18</b>   | <b>-</b>                     |
| <b>Accumulated depreciation as at 1 April 2019</b>           | -                                       | -                                   | 258.49                    | 255.13             | 71.58                   | 81.52                     | 62.46                | 26.24         | 38.76         | 794.18          | -                            |
| Depreciation                                                 | -                                       | -                                   | 119.93                    | 163.26             | 39.03                   | 36.51                     | 25.62                | 15.68         | 16.10         | 416.13          | -                            |
| Disposals                                                    | -                                       | -                                   | (13.72)                   | -                  | (0.03)                  | (0.09)                    | (2.01)               | (3.08)        | -             | (18.93)         | -                            |
| <b>Accumulated depreciation as at 31 March 2020 (D)</b>      | <b>-</b>                                | <b>-</b>                            | <b>364.70</b>             | <b>418.39</b>      | <b>110.58</b>           | <b>117.94</b>             | <b>86.07</b>         | <b>38.84</b>  | <b>54.86</b>  | <b>1,191.38</b> | <b>-</b>                     |
| <b>Accumulated depreciation as at 1 April 2020</b>           | -                                       | -                                   | 364.70                    | 418.39             | 110.58                  | 117.94                    | 86.07                | 38.84         | 54.86         | 1,191.38        | -                            |
| Depreciation                                                 | -                                       | -                                   | 59.92                     | 86.63              | 19.91                   | 17.77                     | 11.22                | 9.59          | 8.07          | 213.11          | -                            |
| Disposals                                                    | -                                       | -                                   | -                         | -                  | -                       | -                         | -                    | (2.84)        | (0.70)        | (3.54)          | -                            |
| <b>Accumulated depreciation as at 30 September 2020 (F)</b>  | <b>-</b>                                | <b>-</b>                            | <b>424.62</b>             | <b>505.02</b>      | <b>130.49</b>           | <b>135.71</b>             | <b>97.29</b>         | <b>45.59</b>  | <b>62.23</b>  | <b>1,400.95</b> | <b>-</b>                     |
| <b>Accumulated depreciation as at 1 April 2020</b>           | -                                       | -                                   | 364.70                    | 418.39             | 110.58                  | 117.94                    | 86.07                | 38.84         | 54.86         | 1,191.38        | -                            |
| Depreciation                                                 | -                                       | 1.77                                | 122.11                    | 181.97             | 42.04                   | 38.96                     | 29.02                | 18.86         | 15.93         | 450.66          | -                            |
| Disposals                                                    | -                                       | -                                   | -                         | -                  | -                       | (0.26)                    | (0.03)               | (7.56)        | (0.91)        | (8.76)          | -                            |
| <b>Accumulated depreciation as at 31 March 2021 (H)</b>      | <b>-</b>                                | <b>1.77</b>                         | <b>486.81</b>             | <b>600.36</b>      | <b>152.62</b>           | <b>156.64</b>             | <b>115.06</b>        | <b>50.14</b>  | <b>69.88</b>  | <b>1,633.28</b> | <b>-</b>                     |
| <b>Accumulated depreciation as at 1 April 2021</b>           | -                                       | 1.77                                | 486.81                    | 600.36             | 152.62                  | 156.64                    | 115.06               | 50.14         | 69.88         | 1,633.28        | -                            |
| Depreciation                                                 | -                                       | 4.21                                | 72.38                     | 97.77              | 26.50                   | 21.05                     | 11.97                | 8.74          | 7.12          | 249.74          | -                            |
| Disposals                                                    | -                                       | -                                   | (4.27)                    | -                  | (1.04)                  | (2.72)                    | (0.77)               | -             | (0.14)        | (8.94)          | -                            |
| <b>Accumulated depreciation as at 30 September 2021 (J)</b>  | <b>-</b>                                | <b>5.98</b>                         | <b>554.92</b>             | <b>698.13</b>      | <b>178.08</b>           | <b>174.97</b>             | <b>126.26</b>        | <b>58.88</b>  | <b>76.86</b>  | <b>1,874.08</b> | <b>-</b>                     |

**Rainbow Children's Medicare Limited (formerly know as 'Rainbow Children's Medicare Private Limited')**
**Annexure VII - Notes to Restated Consolidated Financial Information**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**2.1(a) Property, plant and equipment and Capital work-in-progress (continued)**
**Net carrying amount**

|                               |       |        |          |        |        |        |       |       |       |          |        |
|-------------------------------|-------|--------|----------|--------|--------|--------|-------|-------|-------|----------|--------|
| As at 31 March 2019 (A-B)     | 33.06 | -      | 1,867.87 | 670.44 | 446.88 | 249.00 | 64.08 | 31.30 | 24.78 | 3,387.41 | 226.02 |
| As at 31 March 2020 (C-D)     | 33.06 | -      | 1,863.69 | 743.49 | 442.48 | 231.90 | 56.12 | 56.50 | 18.88 | 3,446.12 | 425.96 |
| As at 30 September 2020 (E-F) | 33.06 | -      | 1,813.67 | 721.32 | 425.46 | 220.20 | 51.00 | 61.36 | 19.50 | 3,345.57 | 658.71 |
| As at 31 March 2021 (G-H)     | 33.06 | 391.80 | 1,894.49 | 775.04 | 513.05 | 246.59 | 54.73 | 58.66 | 21.53 | 3,988.95 | 286.79 |
| As at 30 September 2021 (I-J) | 33.06 | 392.13 | 2,091.13 | 748.54 | 565.67 | 247.12 | 54.41 | 82.26 | 23.53 | 4,237.85 | 24.74  |

\* - Disposals with respect to capital-work-in progress represents property, plant and equipment capitalisations.

**Note:**

(i) The Parent Company vide sale agreement dated 3 September 2010 was allotted 1 acre of land by Andhra Pradesh Industrial Infrastructure Corporation Limited ("APIIC") for setting up a children hospital at Health city, Chinagadili, Vishakhapatnam to facilitate socio economic development within 2 years from the date of possession of land i.e. by October 2012. The Parent Company had paid an amount of Rs. 30.88 million towards acquisition of the said land and incurred an additional amount of Rs. 2.19 million towards other incidental charges. As per the Clause 8(c) of the land agreement entered with APIIC, the construction of proposed hospital was required to be completed within 2 years from the date of taking the possession of the land, otherwise the land will need to be returned back to APIIC. The Parent Company had filed an application with APIIC seeking extension of the timelines for development of the Project based on indicative project plan till August 2014 vide letter dated 17 August 2012. APIIC had considered the request and granted extension till the said date upon payment of condonation fee which was paid by the Parent Company and timeline was extended upto August 2014. The Parent Company failed to meet the revised timelines and consequently, APIIC had issued a cancellation of allotment order on 24 March 2015. The Parent Company had submitted detailed reasons to APIIC for the delay in completion of the project and applied for revoking of the cancellation order. On 23 July 2016, APIIC had granted approval for extension of time upto December 2018. APIIC vide its letter dated 15 November 2018 has issued a show cause notice to the Parent Company seeking explanation as to why the allotment shall not be cancelled for non implementation of the proposed project. On 13 December 2018, the Parent Company has responded to APIIC explaining the status of the project and seeking further extension by 24 months. The Parent Company has paid Rs.1.57 million as condonation fee and has received extension from APIIC upto 30 November 2019. While the Agreement for Sale between APIIC and the Parent Company had been executed on 3 September 2010, the final sale deed was to be executed after commencement of regular commercial operations. The Parent Company has commenced the commercial operations from December 2020 onwards. The Parent Company has incurred capital costs amounting to Rs Nil as at 30 September 2021 (Rs 393.50 million as at 30 September 2020, Rs.393.55 million as at 31 March 2021, Rs. 302.64 million as at 31 March 2020 and Rs 147.32 millions for the year ended 31 March 2019) for the construction of the hospital on this land.

(ii) Delhi Development authority (DDA) has granted 5,500 square meters of land on perpetual lease to Madhukar Multispecialty Hospital Research Centre (MMHRC) in Malviyanagar (Delhi) via lease deed dated 16 September 2005. MMHRC has constructed a hospital building on this land with all infrastructure and services and 50% of the space was sublet to the Holding Company to operate and render healthcare services. DDA vide its letter dated 28 January 2019 to MMHRC has restricted subletting to 25% instead of earlier 50% and accordingly the Holding Company and MMHRC had executed amended the sub lease agreement dated 27 March 2019, which is effective from 1 April 2019. As at 30 September 2021, leasehold improvements and medical equipments include Rs. 130.86 million and Rs. 139.22 million (Rs. 123.35 million Rs. 92.02 million as at 30 September 2020, Rs. 119.71 million Rs. 80.76 million as at 31 March 2021, Rs.126.94 million and Rs.101.80 million as at 31 March 2020 and Rs.132.36 million Rs.116.37 million as at 31 March 2019) respectively in respect of this hospital. The Management is utilising the assets for the purpose of providing medical services at MMHRC.

(iii) Refer note 2.41 for details of incidental expenditure capitalised during the construction period. The interest rate on borrowings is 9.50%

(iv) Refer note 2.14 for details of assets pledged as security.

**Title deeds of Immovable Properties not held in name of the Parent Company:**

| Particulars                                                                                                          | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021        | As at<br>31 March 2020 | As at<br>31 March 2019 |
|----------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|-------------------------------|------------------------|------------------------|
| Relevant line item in the Balance sheet                                                                              |                            |                            | Property, plant and equipment |                        |                        |
| Description of item of property                                                                                      |                            |                            | Land                          |                        |                        |
| Gross carrying value                                                                                                 |                            |                            | 33.06                         |                        |                        |
| Title deeds held in the name of                                                                                      |                            |                            | Government of Andhra Pradesh  |                        |                        |
| Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter /director |                            |                            | No                            |                        |                        |
| Reason for not being held in the name of the Company                                                                 |                            |                            | Refer note (i) above          |                        |                        |



**Rainbow Children's Medicare Limited (formerly know as 'Rainbow Children's Medicare Private Limited')****Annexure VII - Notes to Restated Consolidated Financial Information**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**2.1(a) Property, plant and equipment and Capital work-in-progress (continued)****Capital work-in-progress (CWIP) Ageing Schedule:****As at 30 September 2021**

| CWIP                           | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years | More Than 3 Years |       |
| Projects in progress           | 24.74                          | -         | -         | -                 | 24.74 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -     |

**Note:** The Parent Company does not have any CWIP which is overdue or has exceeded its cost compared to its original plan and hence CWIP completion schedule is not applicable.

**As at 30 September 2020**

| CWIP                           | Amount in CWIP for a period of |           |           |                   | Total  |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|--------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years | More Than 3 Years |        |
| Projects in progress           | 427.64                         | 173.94    | 16.50     | 40.63             | 658.71 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -      |

For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan, the CWIP completion schedule (project wise) is as follows:

| CWIP                       | To be completed in |           |           |                   | Total  |
|----------------------------|--------------------|-----------|-----------|-------------------|--------|
|                            | Less than 1 Year   | 1-2 Years | 2-3 Years | More Than 3 Years |        |
| Project 1 - Vishakhapatnam | 393.25             | -         | -         | -                 | 393.25 |

**As at 31 March 2021**

| CWIP                           | Amount in CWIP for a period of |           |           |                   | Total  |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|--------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years | More Than 3 Years |        |
| Projects in progress           | 237.61                         | 30.67     | 18.17     | 0.34              | 286.79 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -      |

**Note:** The Company does not have any CWIP which is overdue or has exceeded its cost compared to its original plan and hence CWIP completion schedule is not applicable.

**As at 31 March 2020**

| CWIP                           | Amount in CWIP for a period of |           |           |                   | Total  |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|--------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years | More Than 3 Years |        |
| Projects in progress           | 251.99                         | 120.68    | 20.11     | 33.18             | 425.96 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -      |

For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan, the CWIP completion schedule (project wise) is as follows:

| CWIP                       | To be completed in |           |           |                   | Total  |
|----------------------------|--------------------|-----------|-----------|-------------------|--------|
|                            | Less than 1 Year   | 1-2 Years | 2-3 Years | More Than 3 Years |        |
| Project 1 - Vishakhapatnam | 303.61             | -         | -         | -                 | 303.61 |

**As at 31 March 2019**

| CWIP                           | Amount in CWIP for a period of |           |           |                   | Total  |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|--------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years | More Than 3 Years |        |
| Projects in progress           | 175.54                         | 21.25     | 26.60     | 2.63              | 226.02 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -      |

For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan, the CWIP completion schedule (project wise) is as follows:

| CWIP                       | To be completed in |           |           |                   | Total  |
|----------------------------|--------------------|-----------|-----------|-------------------|--------|
|                            | Less than 1 Year   | 1-2 Years | 2-3 Years | More Than 3 Years |        |
| Project 1 - Vishakhapatnam | -                  | 140.59    | -         | -                 | 140.59 |

## Annexure VII - Notes to Restated Consolidated Financial Information

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

## 2.1(b) Other intangible assets, Goodwill and Capital work-in-progress

| Particulars                                                  | Goodwill     | Other intangible<br>assets<br>Software | Capital work-in-<br>progress (intangible<br>assets under<br>development) |
|--------------------------------------------------------------|--------------|----------------------------------------|--------------------------------------------------------------------------|
| <b>Gross block</b>                                           |              |                                        |                                                                          |
| <b>Cost as at 1 April 2018</b>                               | 29.87        | 79.54                                  | 0.32                                                                     |
| Additions                                                    | -            | 5.42                                   | 0.09                                                                     |
| Acquisitions through business combinations (refer Note 2.49) | -            | 1.20                                   | -                                                                        |
| Disposals/ capitalisation                                    | -            | (0.44)                                 | (0.10)                                                                   |
| <b>Cost as at 31 March 2019 (A)</b>                          | <b>29.87</b> | <b>85.72</b>                           | <b>0.31</b>                                                              |
| <b>Cost as at 1 April 2019</b>                               | 29.87        | 85.72                                  | 0.31                                                                     |
| Additions                                                    | -            | 7.56                                   | 3.10                                                                     |
| Disposals/ capitalisation                                    | -            | -                                      | (1.91)                                                                   |
| <b>Cost as at 31 March 2020 (C)</b>                          | <b>29.87</b> | <b>93.28</b>                           | <b>1.50</b>                                                              |
| <b>Cost as at 1 April 2020</b>                               | 29.87        | 93.28                                  | 1.50                                                                     |
| Additions                                                    | -            | 1.45                                   | 1.80                                                                     |
| Disposals/ capitalisation                                    | -            | -                                      | (1.45)                                                                   |
| <b>Cost as at 30 September 2020 (E)</b>                      | <b>29.87</b> | <b>94.73</b>                           | <b>1.85</b>                                                              |
| <b>Cost as at 1 April 2020</b>                               | 29.87        | 93.28                                  | 1.50                                                                     |
| Additions                                                    | -            | 3.92                                   | 2.80                                                                     |
| Disposals/ capitalisation                                    | -            | -                                      | (3.43)                                                                   |
| <b>Cost as at 31 March 2021 (G)</b>                          | <b>29.87</b> | <b>97.20</b>                           | <b>0.87</b>                                                              |
| <b>Cost as at 1 April 2020</b>                               | 29.87        | 97.20                                  | 0.87                                                                     |
| Additions                                                    | -            | 1.10                                   | 9.99                                                                     |
| Disposals/ capitalisation                                    | -            | -                                      | (0.90)                                                                   |
| <b>Cost as at 30 September 2021 (I)</b>                      | <b>29.87</b> | <b>98.30</b>                           | <b>9.96</b>                                                              |
| <b>Accumulated amortisation</b>                              |              |                                        |                                                                          |
| <b>Accumulated amortisation as at 1 April 2018</b>           | -            | 31.74                                  | -                                                                        |
| Amortisation                                                 | -            | 18.62                                  | -                                                                        |
| Disposals                                                    | -            | -                                      | -                                                                        |
| <b>Accumulated amortisation as at 31 March 2019 (B)</b>      | <b>-</b>     | <b>50.36</b>                           | <b>-</b>                                                                 |
| <b>Accumulated amortisation as at 1 April 2019</b>           | -            | 50.36                                  | -                                                                        |
| Amortisation                                                 | -            | 20.06                                  | -                                                                        |
| Disposals                                                    | -            | -                                      | -                                                                        |
| <b>Accumulated amortisation as at 31 March 2020 (D)</b>      | <b>-</b>     | <b>70.42</b>                           | <b>-</b>                                                                 |
| <b>Accumulated amortisation as at 1 April 2020</b>           | -            | 70.42                                  | -                                                                        |
| Amortisation                                                 | -            | 6.96                                   | -                                                                        |
| Disposals                                                    | -            | -                                      | -                                                                        |
| <b>Accumulated amortisation as at 30 September 2020 (F)</b>  | <b>-</b>     | <b>77.38</b>                           | <b>-</b>                                                                 |
| <b>Accumulated amortisation as at 1 April 2020</b>           | -            | 70.42                                  | -                                                                        |
| Amortisation                                                 | -            | 11.47                                  | -                                                                        |
| Disposals                                                    | -            | -                                      | -                                                                        |
| <b>Accumulated amortisation as at 31 March 2021 (H)</b>      | <b>-</b>     | <b>81.89</b>                           | <b>-</b>                                                                 |
| <b>Accumulated amortisation as at 1 April 2021</b>           | -            | 81.89                                  | -                                                                        |
| Amortisation                                                 | -            | 3.71                                   | -                                                                        |
| Disposals                                                    | -            | -                                      | -                                                                        |
| <b>Accumulated amortisation as at 30 September 2021 (J)</b>  | <b>-</b>     | <b>85.60</b>                           | <b>-</b>                                                                 |
| <b>Net carrying amount</b>                                   |              |                                        |                                                                          |
| As at 31 March 2019 (A-B)                                    | 29.87        | 35.36                                  | 0.31                                                                     |
| As at 31 March 2020 (C-D)                                    | 29.87        | 22.86                                  | 1.50                                                                     |
| As at 30 September 2020 (E-F)                                | 29.87        | 17.35                                  | 1.85                                                                     |
| As at 31 March 2021 (G-H)                                    | 29.87        | 15.31                                  | 0.87                                                                     |
| As at 30 September 2021 (I-J)                                | 29.87        | 12.70                                  | 9.96                                                                     |

**2.1(b) Other intangible assets, Goodwill and Capital work-in-progress (continued)**

At subsidiary level (cash generating unit (CGUs) ), the goodwill is tested for impairment annually at the year-end or more frequently if there are indicators that goodwill might be impaired. The goodwill is allocated to CGU's.

The Group made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by Management. Cash flow projections were developed covering a five-year period as at 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020 and 31 March 2019 respectively which reflects a more appropriate indication/trend of future track of business. Cash flows beyond the five-year period were extrapolated using estimate rates stated below.

The key assumptions for the value-in-use calculations are those regarding the discount rates and terminal growth rates. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The terminal growth rates are based on industry growth forecasts.

Key assumptions used for value in use calculations are as follows:

| Particulars          | Period ended<br>30 September 2021 | Period ended<br>30 September 2020 | Year ended<br>31 March 2021 | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|----------------------|-----------------------------------|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Terminal growth rate | 5.00%                             | 5.00%                             | 5.00%                       | 5.00%                       | 5.00%                       |
| Discount rate        | 13.70%                            | 13.70%                            | 13.70%                      | 13.70%                      | 13.70%                      |

Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

Management estimates discount rates using post-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and its operating segments and is derived from its weighted average cost of capital (WACC).

**Capital work-in-progress ageing schedule:****As at 30 September 2021**

| Capital work-in-progress       | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years | More Than 3 Years |       |
| Projects in progress           | 9.96                           | -         | -         | -                 | 9.96  |
| Projects temporarily suspended | -                              | -         | -         | -                 | -     |

**As at 30 September 2020**

| Capital work-in-progress       | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years | More Than 3 Years |       |
| Projects in progress           | 1.28                           | 0.35      | -         | 0.22              | 1.85  |
| Projects temporarily suspended | -                              | -         | -         | -                 | -     |

**As at 31 March 2021**

| Capital work-in-progress       | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years | More Than 3 Years |       |
| Projects in progress           | 0.65                           | -         | 0.00      | 0.22              | 0.87  |
| Projects temporarily suspended | -                              | -         | -         | -                 | -     |

**As at 31 March 2020**

| Capital work-in-progress       | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years | More Than 3 Years |       |
| Projects in progress           | 1.28                           | -         | -         | 0.22              | 1.50  |
| Projects temporarily suspended | -                              | -         | -         | -                 | -     |

**As at 31 March 2019**

| Capital work-in-progress       | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1 Year               | 1-2 Years | 2-3 Years | More Than 3 Years |       |
| Projects in progress           | -                              | 0.09      | -         | 0.22              | 0.31  |
| Projects temporarily suspended | -                              | -         | -         | -                 | -     |

## Annexure VII - Notes to Restated Consolidated Financial Information

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

|                                                                                                                                                                                                                                                                                                                                 | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>2.2 Non-current investments</b><br>(Valued at cost unless stated otherwise)                                                                                                                                                                                                                                                  |                            |                            |                        |                        |                        |
| <b>Investments at fair value through other comprehensive income</b>                                                                                                                                                                                                                                                             |                            |                            |                        |                        |                        |
| <b>Investments in unquoted equity instruments</b>                                                                                                                                                                                                                                                                               |                            |                            |                        |                        |                        |
| Vamana Solar Private Limited*                                                                                                                                                                                                                                                                                                   | 0.03                       | 0.03                       | 0.03                   | 0.03                   | 0.03                   |
| 2,600 shares of Rs.10 each, fully paid up (30 September 2020: 2,600 shares,<br>31 March 2021: 2,600 shares, 31 March 2020: 2,600 shares, 31 March 2019:<br>2,600 shares)                                                                                                                                                        |                            |                            |                        |                        |                        |
| <b>Investments at fair value through profit and loss</b>                                                                                                                                                                                                                                                                        |                            |                            |                        |                        |                        |
| <b>Investment in unquoted equity instruments</b>                                                                                                                                                                                                                                                                                |                            |                            |                        |                        |                        |
| Unimed Healthcare Private Limited                                                                                                                                                                                                                                                                                               | -                          | -                          | 80.00                  | -                      | -                      |
| Nil shares of Rs.10 each, fully paid up (30 September 2020: Nil shares, 31<br>March 2021: 1,000,000 shares, 31 March 2020: Nil shares, 31 March<br>2019: Nil shares)                                                                                                                                                            |                            |                            |                        |                        |                        |
|                                                                                                                                                                                                                                                                                                                                 | <b>0.03</b>                | <b>0.03</b>                | <b>80.03</b>           | <b>0.03</b>            | <b>0.03</b>            |
| Aggregate amount of unquoted investments                                                                                                                                                                                                                                                                                        | 0.03                       | 0.03                       | 80.03                  | 0.03                   | 0.03                   |
| Aggregate amount of impairment in value of investments                                                                                                                                                                                                                                                                          | -                          | -                          | -                      | -                      | -                      |
| *The Group has designated the investments in Vamana Solar Private Limited as equity shares at FVOCI. The fair value of this investment as at 30 September 2021 is Rs. 0.03 million (30 September 2020: Rs. 0.03 million, 31 March 2021: Rs. 0.03 million, 31 March 2020: Rs. 0.03 million and 31 March 2019: Rs. 0.03 million). |                            |                            |                        |                        |                        |
| The Group's exposure to credit risk and market risk related to investments has been disclosed in note 2.42.                                                                                                                                                                                                                     |                            |                            |                        |                        |                        |
| <b>2.3 Other non-current financial assets</b>                                                                                                                                                                                                                                                                                   |                            |                            |                        |                        |                        |
| Bank deposits with more than 12 months maturity                                                                                                                                                                                                                                                                                 | 143.52                     | 0.45                       | 154.96                 | 97.32                  | -                      |
| Security deposits                                                                                                                                                                                                                                                                                                               | 191.52                     | 389.07                     | 391.94                 | 374.06                 | 351.44                 |
|                                                                                                                                                                                                                                                                                                                                 | <b>335.04</b>              | <b>389.52</b>              | <b>546.90</b>          | <b>471.38</b>          | <b>351.44</b>          |
| The Group's exposure to credit and market risk are disclosed in Note 2.42.                                                                                                                                                                                                                                                      |                            |                            |                        |                        |                        |
| <b>2.4 Income tax assets (net)</b>                                                                                                                                                                                                                                                                                              |                            |                            |                        |                        |                        |
| Advance tax (net of provisions: Rs. 529.25 million (30 September 2020: Rs. 633.47 million, 31 March 2021: Rs. 633.47 million, 31 March 2020: Rs. 379.60 million, 31 March 2019: Rs. 250.90 million))                                                                                                                            | 31.80                      | 46.67                      | 44.92                  | 21.70                  | 40.26                  |
|                                                                                                                                                                                                                                                                                                                                 | <b>31.80</b>               | <b>46.67</b>               | <b>44.92</b>           | <b>21.70</b>           | <b>40.26</b>           |
| <b>2.5 Other non-current assets</b><br>(Unsecured, considered good)                                                                                                                                                                                                                                                             |                            |                            |                        |                        |                        |
| Capital advances                                                                                                                                                                                                                                                                                                                |                            |                            |                        |                        |                        |
| - to other than related parties                                                                                                                                                                                                                                                                                                 | 48.42                      | 170.14                     | 119.69                 | 213.27                 | 107.43                 |
| - to related parties (Refer note 2.33)                                                                                                                                                                                                                                                                                          | -                          | -                          | -                      | -                      | 0.59                   |
| Prepaid expenses                                                                                                                                                                                                                                                                                                                | 10.17                      | 5.64                       | 2.54                   | 4.90                   | 2.22                   |
| Amounts paid under protest                                                                                                                                                                                                                                                                                                      | 9.37                       | 8.81                       | 8.81                   | 8.81                   | 9.34                   |
|                                                                                                                                                                                                                                                                                                                                 | <b>67.96</b>               | <b>184.59</b>              | <b>131.04</b>          | <b>226.98</b>          | <b>119.58</b>          |
| Unsecured, considered doubtful                                                                                                                                                                                                                                                                                                  |                            |                            |                        |                        |                        |
| Capital advances (credit impaired)                                                                                                                                                                                                                                                                                              | 1.58                       | -                          | -                      | -                      | 0.74                   |
| Less: Allowance for doubtful advances                                                                                                                                                                                                                                                                                           | (1.58)                     | -                          | -                      | -                      | (0.74)                 |
|                                                                                                                                                                                                                                                                                                                                 | <b>67.96</b>               | <b>184.59</b>              | <b>131.04</b>          | <b>226.98</b>          | <b>119.58</b>          |
| <b>2.6 Inventories</b><br>(valued at the lower of cost or net realisable value)                                                                                                                                                                                                                                                 |                            |                            |                        |                        |                        |
| Medical consumables and pharmacy items                                                                                                                                                                                                                                                                                          | 162.97                     | 109.64                     | 100.97                 | 159.77                 | 69.98                  |
|                                                                                                                                                                                                                                                                                                                                 | <b>162.97</b>              | <b>109.64</b>              | <b>100.97</b>          | <b>159.77</b>          | <b>69.98</b>           |

|                                                                                                                                                                                                                 | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>2.7 Current investments</b>                                                                                                                                                                                  |                            |                            |                        |                        |                        |
| <b>Investments at fair value through profit or loss</b>                                                                                                                                                         |                            |                            |                        |                        |                        |
| Investments in Mutual funds - quoted                                                                                                                                                                            |                            |                            |                        |                        |                        |
| Aditya Birla Sunlife Cash Plus-Daily Dividend-Direct Plan<br>89,561.84 Units (30 September 2020: 30,682.80 Units, 31 March 2021:<br>Nil units, 31 March 2020: 12,767.71 units, 31 March 2019: 150,396.21        | 30.19                      | 10.01                      | -                      | 1.43                   | 15.09                  |
| HDFC Mutual fund - Operational funds<br>24,446.24 Units (30 September 2020: 12,753.85 Units, 31 March 2021:<br>11,215.06 units, 31 March 2020: 15,885.96 units, 31 March 2019:<br>9,956.47 units)               | 100.52                     | 50.8                       | 37.43                  | 58.89                  | 10.18                  |
| IDFC Cash Fund - Daily Dividend - Direct Plan<br>0.995 Units (30 September 2020: 17.86 Units, 31 March 2021: 17.86 units,<br>31 March 2020: 17.86 units, 31 March 2019: 17.86 units)                            | 0.00                       | 0.00                       | 0.00                   | 0.00                   | 0.00                   |
| IDFC Cash Fund - Growth - Direct Plan<br>41,761.01 Units (30 September 2020: 12,415.61 Units, 31 March 2021:<br>12,104.46 units, 31 March 2020: 765.95 units, 31 March 2019: 314.05                             | 105.51                     | 30.39                      | 30.09                  | 0.68                   | 0.22                   |
| HDFC Overnight MF<br>4.81 Units (30 September 2020: 2,887.73 Units, 31 March 2021: 4.81<br>units, 31 March 2020: 81.27 units, 31 March 2019: Nil units)                                                         | 0.01                       | 11.41                      | 0.01                   | 0.24                   | -                      |
| SBI Overnight Mutual Fund<br>Nil Units (30 September 2020: 58.69 Units, 31 March 2021: Nil units, 31<br>March 2020: 41.54 units, 31 March 2019: Nil units)                                                      | -                          | 0.19                       | -                      | 0.14                   | -                      |
| IDFC Overnight Mutual Fund<br>Nil Units (30 September 2020: 208.90 Units, 31 March 2021: Nil units, 31<br>March 2020: 41.54 units, 31 March 2019: Nil units)                                                    | -                          | 0.23                       | -                      | 0.09                   | -                      |
| Sundaram Money Fund - Direct Plan- Daily Dividend<br>Nil Units (30 September 2020: Nil Units, 31 March 2021: Nil units, 31<br>March 2020: 5,904.30 units, 31 March 2019: 5,699.32 units)                        | -                          | -                          | -                      | 0.06                   | 0.06                   |
| Tata Liquid Fund - Direct Plan - Daily Dividend<br>31,944.64 Units (30 September 2020: 9,406.27 Units, 31 March<br>2021: 7,715.98 units, 31 March 2020: 1,402.99 units, 31 March 2019:<br>837.20 units)         | 105.45                     | 30.06                      | 25.08                  | 1.42                   | 0.89                   |
| Reliance Liquid Fund<br>Nil Units (30 September 2020: Nil Units, 31 March 2021: Nil units, 31<br>March 2020: 63.06 units, 31 March 2019: Nil units)                                                             | -                          | -                          | -                      | 0.10                   | -                      |
| Axis Liquid Fund - Operational funds<br>Nil Units (30 September 2020: Nil Units, 31 March 2021: Nil units, 31<br>March 2020: 579.32 units, 31 March 2019: 5,385.58 units)                                       | -                          | -                          | -                      | 0.58                   | 5.39                   |
| SBI Premier Liquid Fund - Direct Plan - Daily Dividend<br>33,757.38 Units (30 September 2020: 15,903.94 Units, 31 March 2021:<br>3,106.90 units, 31 March 2020: 21,615.04 units, 31 March 2019: 31.39<br>units) | 110.55                     | 50.39                      | 10.01                  | 35.37                  | 0.03                   |
|                                                                                                                                                                                                                 | <b>452.23</b>              | <b>183.48</b>              | <b>102.62</b>          | <b>99.00</b>           | <b>31.86</b>           |
| Aggregate amount of quoted investments and market value thereof                                                                                                                                                 | 452.23                     | 183.48                     | 102.62                 | 99.00                  | 31.86                  |
| The Group's exposure to credit risk and market risk related to investments has been disclosed in note 2.42.                                                                                                     |                            |                            |                        |                        |                        |
| <b>2.8 Trade receivables</b>                                                                                                                                                                                    |                            |                            |                        |                        |                        |
| Trade receivables considered good - unsecured                                                                                                                                                                   | 499.54                     | 573.60                     | 490.46                 | 462.11                 | 331.94                 |
| Unbilled revenue considered good - unsecured                                                                                                                                                                    | 145.62                     | 89.13                      | 77.28                  | 78.01                  | 63.98                  |
| Trade receivables which have significant increase in credit risk                                                                                                                                                | -                          | -                          | -                      | -                      | -                      |
| Trade receivables - credit impaired                                                                                                                                                                             | -                          | -                          | -                      | -                      | -                      |
| <b>Total</b>                                                                                                                                                                                                    | <b>645.16</b>              | <b>662.73</b>              | <b>567.74</b>          | <b>540.12</b>          | <b>395.92</b>          |
| Less: Allowance for expected credit loss                                                                                                                                                                        | (144.55)                   | (129.73)                   | (128.09)               | (100.49)               | (46.20)                |
| <b>Total trade receivables</b>                                                                                                                                                                                  | <b>500.61</b>              | <b>533.00</b>              | <b>439.65</b>          | <b>439.63</b>          | <b>349.72</b>          |

Trade receivables are unsecured and are derived from revenue earned from providing medical, healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection.

The Group has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the repayments. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

(a) The Group's exposure to credit risk and loss allowances related to trade receivables are disclosed in note 2.42.

(b) Refer note 2.33 for related party balances and dues from private companies in which director is a director.

**Trade Receivables ageing schedule:****As at 30 September 2021**

| Particulars                                                                        | Outstanding for following periods from due date of payment |                   |              |              |                   | Total         |
|------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------|--------------|--------------|-------------------|---------------|
|                                                                                    | Less than 6 months                                         | 6 months - 1 year | 1-2 years    | 2-3 years    | More than 3 years |               |
| (i) Undisputed Trade receivables – considered good                                 | 472.71                                                     | 54.87             | 55.71        | 42.21        | 19.66             | 645.16        |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -                                                          | -                 | -            | -            | -                 | -             |
| (iii) Undisputed Trade Receivables – credit impaired                               | -                                                          | -                 | -            | -            | -                 | -             |
| (iv) Disputed Trade Receivables– considered good                                   | -                                                          | -                 | -            | -            | -                 | -             |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -                                                          | -                 | -            | -            | -                 | -             |
| (vi) Disputed Trade Receivables – credit impaired                                  | -                                                          | -                 | -            | -            | -                 | -             |
| <b>Total</b>                                                                       | <b>472.71</b>                                              | <b>54.87</b>      | <b>55.71</b> | <b>42.21</b> | <b>19.66</b>      | <b>645.16</b> |

**As at 30 September 2020**

| Particulars                                                                        | Outstanding for following periods from due date of payment |                   |              |              |                   | Total         |
|------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------|--------------|--------------|-------------------|---------------|
|                                                                                    | Less than 6 months                                         | 6 months - 1 year | 1-2 years    | 2-3 years    | More than 3 years |               |
| (i) Undisputed Trade receivables – considered good                                 | 386.49                                                     | 198.16            | 53.12        | 16.59        | 8.37              | 662.73        |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -                                                          | -                 | -            | -            | -                 | -             |
| (iii) Undisputed Trade Receivables – credit impaired                               | -                                                          | -                 | -            | -            | -                 | -             |
| (iv) Disputed Trade Receivables– considered good                                   | -                                                          | -                 | -            | -            | -                 | -             |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -                                                          | -                 | -            | -            | -                 | -             |
| (vi) Disputed Trade Receivables – credit impaired                                  | -                                                          | -                 | -            | -            | -                 | -             |
| <b>Total</b>                                                                       | <b>386.49</b>                                              | <b>198.16</b>     | <b>53.12</b> | <b>16.59</b> | <b>8.37</b>       | <b>662.73</b> |

**As at 31 March 2021**

| Particulars                                                                        | Outstanding for following periods from due date of payment |                   |              |              |                   | Total         |
|------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------|--------------|--------------|-------------------|---------------|
|                                                                                    | Less than 6 months                                         | 6 months - 1 year | 1-2 years    | 2-3 years    | More than 3 years |               |
| (i) Undisputed Trade receivables – considered good                                 | 283.67                                                     | 203.74            | 42.30        | 27.53        | 10.50             | 567.74        |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -                                                          | -                 | -            | -            | -                 | -             |
| (iii) Undisputed Trade Receivables – credit impaired                               | -                                                          | -                 | -            | -            | -                 | -             |
| (iv) Disputed Trade Receivables– considered good                                   | -                                                          | -                 | -            | -            | -                 | -             |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -                                                          | -                 | -            | -            | -                 | -             |
| (vi) Disputed Trade Receivables – credit impaired                                  | -                                                          | -                 | -            | -            | -                 | -             |
| <b>Total</b>                                                                       | <b>283.67</b>                                              | <b>203.74</b>     | <b>42.30</b> | <b>27.53</b> | <b>10.50</b>      | <b>567.74</b> |

**As at 31 March 2020**

| Particulars                                                                        | Outstanding for following periods from due date of payment |                   |              |              |                   | Total         |
|------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------|--------------|--------------|-------------------|---------------|
|                                                                                    | Less than 6 months                                         | 6 months - 1 year | 1-2 years    | 2-3 years    | More than 3 years |               |
| (i) Undisputed Trade receivables – considered good                                 | 463.17                                                     | 9.67              | 51.65        | 11.01        | 4.62              | 540.12        |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -                                                          | -                 | -            | -            | -                 | -             |
| (iii) Undisputed Trade Receivables – credit impaired                               | -                                                          | -                 | -            | -            | -                 | -             |
| (iv) Disputed Trade Receivables– considered good                                   | -                                                          | -                 | -            | -            | -                 | -             |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -                                                          | -                 | -            | -            | -                 | -             |
| (vi) Disputed Trade Receivables – credit impaired                                  | -                                                          | -                 | -            | -            | -                 | -             |
| <b>Total</b>                                                                       | <b>463.17</b>                                              | <b>9.67</b>       | <b>51.65</b> | <b>11.01</b> | <b>4.62</b>       | <b>540.12</b> |

**As at 31 March 2019**

| Particulars                                                                        | Outstanding for following periods from due date of payment |                   |              |             |                   | Total         |
|------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------|--------------|-------------|-------------------|---------------|
|                                                                                    | Less than 6 months                                         | 6 months - 1 year | 1-2 years    | 2-3 years   | More than 3 years |               |
| (i) Undisputed Trade receivables – considered good                                 | 309.25                                                     | 61.80             | 20.03        | 4.66        | 0.18              | 395.92        |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -                                                          | -                 | -            | -           | -                 | -             |
| (iii) Undisputed Trade Receivables – credit impaired                               | -                                                          | -                 | -            | -           | -                 | -             |
| (iv) Disputed Trade Receivables– considered good                                   | -                                                          | -                 | -            | -           | -                 | -             |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -                                                          | -                 | -            | -           | -                 | -             |
| (vi) Disputed Trade Receivables – credit impaired                                  | -                                                          | -                 | -            | -           | -                 | -             |
| <b>Total</b>                                                                       | <b>309.25</b>                                              | <b>61.80</b>      | <b>20.03</b> | <b>4.66</b> | <b>0.18</b>       | <b>395.92</b> |

|                                                                                                                                                                                                                                                          | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>2.9 (a) Cash and cash equivalents</b>                                                                                                                                                                                                                 |                            |                            |                        |                        |                        |
| Cash on hand                                                                                                                                                                                                                                             | 7.38                       | 5.16                       | 4.36                   | 2.78                   | 7.12                   |
| Balance with banks                                                                                                                                                                                                                                       |                            |                            |                        |                        |                        |
| - On current accounts                                                                                                                                                                                                                                    | 274.80                     | 67.20                      | 52.22                  | 64.19                  | 44.22                  |
|                                                                                                                                                                                                                                                          | <b>282.18</b>              | <b>72.36</b>               | <b>56.58</b>           | <b>66.97</b>           | <b>51.34</b>           |
| <b>2.9 (b) Bank balances other than cash and cash equivalents</b>                                                                                                                                                                                        |                            |                            |                        |                        |                        |
| Deposit account (with original maturity more than 3 months but less than 12 months)*                                                                                                                                                                     | 1,033.36                   | 917.80                     | 870.39                 | 882.82                 | 696.73                 |
| Interest accrued on deposits                                                                                                                                                                                                                             | 35.01                      | 40.92                      | 19.77                  | 22.61                  | 17.25                  |
|                                                                                                                                                                                                                                                          | <b>1,068.37</b>            | <b>958.72</b>              | <b>890.16</b>          | <b>905.43</b>          | <b>713.98</b>          |
| *Includes Rs. 70.05 million (30 September 2020: Rs. 75.89 million, 31 March 2021: Rs. 78.47 million, 31 March 2020: Rs. 262.10 million, 31 March 2019: Rs. 235.74 million) towards margin money deposits against bank guarantees and cash credit limits. |                            |                            |                        |                        |                        |
| (a) The Group's exposure to credit risk and market risk are disclosed in note 2.42.                                                                                                                                                                      |                            |                            |                        |                        |                        |
| <b>(b) Details of bank balances / deposits</b>                                                                                                                                                                                                           |                            |                            |                        |                        |                        |
| Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'                                                                                                                         | 274.80                     | 67.20                      | 52.22                  | 64.19                  | 44.22                  |
| Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'                                                                                                                                                  | 1,033.36                   | 917.80                     | 870.39                 | 882.82                 | 696.73                 |
| Bank deposits due to mature after 12 months of the reporting date included under 'Other financial assets' (refer note 2.3)                                                                                                                               | 143.52                     | 0.45                       | 154.96                 | 97.32                  | -                      |
| <b>2.10 Loans (non-current)</b>                                                                                                                                                                                                                          |                            |                            |                        |                        |                        |
| (Unsecured, considered good)                                                                                                                                                                                                                             |                            |                            |                        |                        |                        |
| Inter-corporate deposits (ICD)*                                                                                                                                                                                                                          |                            |                            |                        |                        |                        |
| - considered good - unsecured                                                                                                                                                                                                                            | 430.47                     | -                          | -                      | -                      | -                      |
| - which have significant increase in credit risk                                                                                                                                                                                                         | -                          | -                          | -                      | -                      | -                      |
| - credit impaired                                                                                                                                                                                                                                        | -                          | -                          | -                      | -                      | -                      |
|                                                                                                                                                                                                                                                          | <b>430.47</b>              | -                          | -                      | -                      | -                      |
| Interest accrued on - Inter Corporate Deposits (ICD's)*                                                                                                                                                                                                  | 56.40                      | -                          | -                      | -                      | -                      |
|                                                                                                                                                                                                                                                          | <b>486.87</b>              | -                          | -                      | -                      | -                      |
| <b>Loans (current)</b>                                                                                                                                                                                                                                   |                            |                            |                        |                        |                        |
| (Unsecured, considered good)                                                                                                                                                                                                                             |                            |                            |                        |                        |                        |
| Inter-corporate deposits (ICD)*                                                                                                                                                                                                                          |                            |                            |                        |                        |                        |
| - considered good - unsecured                                                                                                                                                                                                                            | -                          | 169.03                     | 237.30                 | 218.50                 | 60.77                  |
| - which have significant increase in credit risk                                                                                                                                                                                                         | -                          | -                          | -                      | -                      | -                      |
| - credit impaired                                                                                                                                                                                                                                        | -                          | -                          | -                      | -                      | -                      |
|                                                                                                                                                                                                                                                          | -                          | <b>169.03</b>              | <b>237.30</b>          | <b>218.50</b>          | <b>60.77</b>           |
| Interest accrued on - Inter Corporate Deposits (ICD's)*                                                                                                                                                                                                  | -                          | 33.14                      | 40.64                  | 22.36                  | 8.14                   |
|                                                                                                                                                                                                                                                          | -                          | <b>202.17</b>              | <b>277.94</b>          | <b>240.86</b>          | <b>68.91</b>           |

\*Unsecured ICDs was given to a party at an interest rate of 9.50% p.a. (30 September 2020: 10.50% p.a., 31 March 2021: 10.50% p.a., 31 March 2020: 10.50% p.a., 31 March 2019: 10.50% p.a.). This loan was given towards the working capital requirements of the borrower.

There were no loans or advances in the nature of loans granted to promoters, directors, KMPs and related parties (as defined under Companies Act, 2013), either severally or jointly with any other person granted by the Company during the period / year ended 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020 and 31 March 2019 respectively.

The Group's exposure to credit and currency risk and loss allowances related to Loans are disclosed in note 2.42.

#### Disclosure under Section 186(4) of the Companies Act, 2013

Loans:

| Particulars                           | For the six months<br>period ended 30<br>September 2021 | For the six months<br>period ended 30<br>September 2020 | For the year ended<br>31 March 2021 | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---------------------------------------|---------------------------------------------------------|---------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Opening balance                       | 237.30                                                  | 218.50                                                  | 218.50                              | 60.77                               | 48.46                               |
| Given during the period/ year         | 197.13                                                  | 34.79                                                   | 221.75                              | 612.58                              | 126.40                              |
| Repaid during the period/ year        | (3.96)                                                  | (84.26)                                                 | (202.95)                            | (454.85)                            | (114.09)                            |
| <b>Closing balance</b>                | <b>430.47</b>                                           | <b>169.03</b>                                           | <b>237.30</b>                       | <b>218.50</b>                       | <b>60.77</b>                        |
|                                       | As at<br>30 September 2021                              | As at<br>30 September 2020                              | As at<br>31 March 2021              | As at<br>31 March 2020              | As at<br>31 March 2019              |
| <b>2.11 Other current assets</b>      |                                                         |                                                         |                                     |                                     |                                     |
| (Unsecured, considered good)          |                                                         |                                                         |                                     |                                     |                                     |
| Advances to suppliers                 | 30.85                                                   | 65.81                                                   | 74.79                               | 87.76                               | 21.48                               |
| Prepaid expenses                      | 35.37                                                   | 25.73                                                   | 24.52                               | 19.52                               | 18.91                               |
| Advance to employees                  | 4.94                                                    | 2.75                                                    | 2.73                                | 2.82                                | 2.19                                |
| Balances with government authorities  | 1.34                                                    | 1.01                                                    | 1.20                                | 4.28                                | 0.57                                |
|                                       | <b>72.50</b>                                            | <b>95.30</b>                                            | <b>103.24</b>                       | <b>114.38</b>                       | <b>43.15</b>                        |
| Unsecured, considered doubtful        |                                                         |                                                         |                                     |                                     |                                     |
| Other advances (credit impaired)      | 5.11                                                    | -                                                       | -                                   | -                                   | -                                   |
| Less: Allowance for doubtful advances | (5.11)                                                  | -                                                       | -                                   | -                                   | -                                   |
|                                       | -                                                       | -                                                       | -                                   | -                                   | -                                   |

**2.12 Share capital**

**Authorised**

59,055,616 (30 September 2020: 59,055,616, 31 March 2021: 59,055,616, 31 March 2020: 59,055,616, 31 March 2019: 59,055,616) equity shares of Rs. 10 each  
1,146,771 (30 September 2020: 1,146,771, 31 March 2021: 1,146,771, 31 March 2020: 1,146,771, 31 March 2019: 1,146,771) 0.0001% Series A Compulsorily Convertible Preference Shares (Series A CCPS) of Rs. 48 each  
1,133,309 (30 September 2020: 1,133,309, 31 March 2021: 1,133,309, 31 March 2020: 1,133,309, 31 March 2019: 1,133,309) 0.0001% Series B Compulsorily Convertible Preference Shares (Series B CCPS) of Rs. 48 each

**Issued, subscribed and paid-up**

43,958,924 (30 September 2020: 43,958,924, 31 March 2021: 43,958,924, 31 March 2020: 43,958,924, 31 March 2019: 43,958,924) equity shares of Rs. 10 each, fully paid-up  
1,146,771 (30 September 2020: 1,146,771, 31 March 2021: 1,146,771, 31 March 2020: 1,146,771, 31 March 2019: 1,146,771) Series A CCPS of Rs. 48 each, fully paid-up  
1,133,309 (30 September 2020: 1,133,309, 31 March 2021: 1,133,309, 31 March 2020: 1,133,309, 31 March 2019: 1,133,309) Series B CCPS of Rs. 48 each, fully paid-up

|  | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|----------------------------|----------------------------|------------------------|------------------------|------------------------|
|  |                            |                            |                        |                        |                        |
|  | 590.56                     | 590.56                     | 590.56                 | 590.56                 | 590.56                 |
|  | 55.04                      | 55.04                      | 55.04                  | 55.04                  | 55.04                  |
|  | 54.40                      | 54.40                      | 54.40                  | 54.40                  | 54.40                  |
|  | <b>700.00</b>              | <b>700.00</b>              | <b>700.00</b>          | <b>700.00</b>          | <b>700.00</b>          |
|  |                            |                            |                        |                        |                        |
|  | 439.59                     | 439.59                     | 439.59                 | 439.59                 | 439.59                 |
|  | 55.04                      | 55.04                      | 55.04                  | 55.04                  | 55.04                  |
|  | 54.40                      | 54.40                      | 54.40                  | 54.40                  | 54.40                  |
|  | <b>549.03</b>              | <b>549.03</b>              | <b>549.03</b>          | <b>549.03</b>          | <b>549.03</b>          |

**a) Reconciliation of equity and preference shares outstanding at the beginning and at the end of the period / year :**

| Particulars                                              | As at 30 September 2021 |               | As at 30 September 2020 |               | As at 31 March 2021 |               | As at 31 March 2020 |               | As at 31 March 2019 |               |
|----------------------------------------------------------|-------------------------|---------------|-------------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
|                                                          | Number of shares        | Amount        | Number of shares        | Amount        | Number of shares    | Amount        | Number of shares    | Amount        | Number of shares    | Amount        |
| <b>(i) Equity shares of Rs. 10 each, fully paid-up</b>   |                         |               |                         |               |                     |               |                     |               |                     |               |
| At the commencement of the period / year                 | 43,958,924              | 439.59        | 43,958,924              | 439.59        | 43,958,924          | 439.59        | 43,958,924          | 439.59        | 43,958,924          | 439.59        |
| Add: Shares issued during the period / year              | -                       | -             | -                       | -             | -                   | -             | -                   | -             | -                   | -             |
| <b>At the end of the period / year</b>                   | <b>43,958,924</b>       | <b>439.59</b> | <b>43,958,924</b>       | <b>439.59</b> | <b>43,958,924</b>   | <b>439.59</b> | <b>43,958,924</b>   | <b>439.59</b> | <b>43,958,924</b>   | <b>439.59</b> |
| <b>(ii) Series A CCPS of Rs. 48 each, fully paid-up</b>  |                         |               |                         |               |                     |               |                     |               |                     |               |
| At the commencement of the period / year                 | 1,146,771               | 55.04         | 1,146,771               | 55.04         | 1,146,771           | 55.04         | 1,146,771           | 55.04         | 1,146,771           | 55.04         |
| Add: Shares issued during the period / year              | -                       | -             | -                       | -             | -                   | -             | -                   | -             | -                   | -             |
| <b>At the end of the period / year</b>                   | <b>1,146,771</b>        | <b>55.04</b>  | <b>1,146,771</b>        | <b>55.04</b>  | <b>1,146,771</b>    | <b>55.04</b>  | <b>1,146,771</b>    | <b>55.04</b>  | <b>1,146,771</b>    | <b>55.04</b>  |
| <b>(iii) Series B CCPS of Rs. 48 each, fully paid-up</b> |                         |               |                         |               |                     |               |                     |               |                     |               |
| At the commencement of the period / year                 | 1,133,309               | 54.40         | 1,133,309               | 54.40         | 1,133,309           | 54.40         | 1,133,309           | 54.40         | 1,133,309           | 54.40         |
| Add: Shares issued during the period / year              | -                       | -             | -                       | -             | -                   | -             | -                   | -             | -                   | -             |
| <b>At the end of the period / year</b>                   | <b>1,133,309</b>        | <b>54.40</b>  | <b>1,133,309</b>        | <b>54.40</b>  | <b>1,133,309</b>    | <b>54.40</b>  | <b>1,133,309</b>    | <b>54.40</b>  | <b>1,133,309</b>    | <b>54.40</b>  |

**b) Rights, preferences and restrictions attached**

**i) Equity shares :**

The Parent Company has a single class of equity shares of par value Rs. 10 each, fully paid up. Accordingly, all equity shares rank equally with regard to dividends and share in the Parent Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian Rupees.

On winding up of the Parent Company, the holders of equity shares will be entitled to receive the residual assets of the Parent Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**ii) Series A CCPS:**

On 13 August 2013, the Parent Company had allotted 1,146,771 Series A CCPS of Rs. 48 each, fully paid-up, vide agreement dated 02 August 2013 ('the agreement') entered with CDC Group Plc. As per the agreement, at the discretion of the Series A CCPS holders, each Series A CCPS is convertible into one equity share of Rs 10 each, fully paid, at any time before the end of 18th year from the date of its allotment. In case the Series A CCPS holders do not opt for conversion, they shall be converted into 1,146,771 equity shares of Rs. 10 each, fully paid up at the end of 18th year from the date of its allotment.

The holder of this Series A CCPS are entitled to non-cumulative dividend of 0.0001%. However, in the event the Parent Company declares any dividend on equity shares, then in addition to payment of preference dividend, the holders of Series A CCPS shall also be entitled to receive such dividend in respect of the Series A CCPS as is equivalent to the extent to which the equity shares resulting from the conversion of the Series A CCPS would have been entitled to receive such dividend.

The holders of the Series A CCPS shall be entitled to voting rights to the same extent as if they were equity share holders in respect of the number of equity shares into which the Series A CCPS are convertible. In the event of liquidation, holder of Series A CCPS has a preferential right over equity shareholders to be repaid to the extent of capital paid-up. Any surplus amount shall be distributed among all the shareholders including the Series A CCPS holder in proportion to their shareholding.

**iii) Series B CCPS:**

On 04 February 2016, the Parent Company had allotted 1,133,309 Series B CCPS of Rs. 48 each, fully paid up vide agreement dated 24 December 2015 ('the Series B agreement') entered with CDC India Opportunities Limited. As per the Series B agreement, at the discretion of the Series B CCPS holders, each Series B CCPS is convertible into one equity share of Rs 10 each, fully paid-up, at any time before the end of 18th year from the date of its allotment. In case the Series B CCPS holders do not opt for conversion, they shall be converted into 1,133,309 equity shares of Rs. 10 each, fully paid-up at the end of 18th year from the date of its allotment.

The holder of this Series B CCPS are entitled to non cumulative dividend of 0.0001%. However, in the event the Parent Company declares any dividend on equity shares, then in addition to payment of preference dividend, the holders of Series B CCPS shall also be entitled to receive such dividend in respect of the Series B CCPS as is equivalent to the extent to which the equity shares resulting from the conversion of the Series B CCPS would have been entitled to receive such dividend.

The holders of the Series B CCPS shall be entitled to voting rights to the same extent as if they were equity share holders in respect of the number of equity shares into which the Series B CCPS are convertible. In the event of liquidation, holder of Series B CCPS has a preferential right over equity shareholders to be repaid to the extent of capital paid-up. Any surplus amount shall be distributed among all the shareholders including the Series B CCPS holder in proportion to their shareholding.



## 2.12 Share capital (continued)

## c) Particulars of shareholders holding more than 5% shares of a class of shares:

| Name of shareholder                                               | As at 30 September 2021 |        | As at 30 September 2020 |        | As at 31 March 2021 |        | As at 31 March 2020 |        | As at 31 March 2019 |        |
|-------------------------------------------------------------------|-------------------------|--------|-------------------------|--------|---------------------|--------|---------------------|--------|---------------------|--------|
|                                                                   | Number of shares        | %      | Number of shares        | %      | Number of shares    | %      | Number of shares    | %      | Number of shares    | %      |
| <b>(i) Equity shares of Rs. 10 each, fully paid-up held by:</b>   |                         |        |                         |        |                     |        |                     |        |                     |        |
| - Dr. Ramesh Kancharla                                            | 20,013,742              | 45.53% | 20,013,742              | 45.53% | 20,013,742          | 45.53% | 20,013,742          | 45.53% | 20,013,742          | 45.53% |
| - CDC Group Plc                                                   | 8,486,105               | 19.30% | 8,486,105               | 19.30% | 8,486,105           | 19.30% | 8,486,105           | 19.30% | 8,486,105           | 19.30% |
| - Dr. Dinesh Kumar Chirla                                         | 4,800,000               | 10.92% | 4,800,000               | 10.92% | 4,800,000           | 10.92% | 4,800,000           | 10.92% | 4,800,000           | 10.92% |
| - CDC India Opportunities Limited                                 | 3,899,927               | 8.87%  | 3,899,927               | 8.87%  | 3,899,927           | 8.87%  | 3,899,927           | 8.87%  | 3,899,927           | 8.87%  |
| - Dr. Adarsh Kancharla                                            | 2,311,950               | 5.26%  | 2,311,950               | 5.26%  | 2,311,950           | 5.26%  | 2,311,950           | 5.26%  | 2,311,950           | 5.26%  |
| <b>(ii) Series A CCPS of Rs. 48 each, fully paid-up held by:</b>  |                         |        |                         |        |                     |        |                     |        |                     |        |
| - CDC Group Plc                                                   | 1,146,771               | 100%   | 1,146,771               | 100%   | 1,146,771           | 100%   | 1,146,771           | 100%   | 1,146,771           | 100%   |
| <b>(iii) Series B CCPS of Rs. 48 each, fully paid-up held by:</b> |                         |        |                         |        |                     |        |                     |        |                     |        |
| - CDC India Opportunities Limited                                 | 1,133,309               | 100%   | 1,133,309               | 100%   | 1,133,309           | 100%   | 1,133,309           | 100%   | 1,133,309           | 100%   |

As per records of the Company, including its register of shareholder/members and other declarations received from shareholder regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

d) During the five years immediately preceding the reporting date, no shares have been bought back, issued for consideration other than cash other than disclosed below:

During the year 2017-18, 34,679,253 equity shares of Rs. 10 each, fully paid up have been allotted as bonus shares by capitalisation of securities premium.

## e) Shareholding of promoters (each class)

| Description            | 30 September 2021 |               |                               | 30 September 2020 |               |                               | 31 March 2021     |               |                             | 31 March 2020     |               |                             | 31 March 2019     |               |                             |
|------------------------|-------------------|---------------|-------------------------------|-------------------|---------------|-------------------------------|-------------------|---------------|-----------------------------|-------------------|---------------|-----------------------------|-------------------|---------------|-----------------------------|
|                        | Number of shares  | % holding     | % of change during the period | Number of shares  | % holding     | % of change during the period | Number of shares  | % holding     | % of change during the year | Number of shares  | % holding     | % of change during the year | Number of shares  | % holding     | % of change during the year |
| <b>Equity shares:</b>  |                   |               |                               |                   |               |                               |                   |               |                             |                   |               |                             |                   |               |                             |
| Dr Ramesh Kancharla    | 20,013,742        | 45.53%        | -                             | 20,013,742        | 45.53%        | -                             | 20,013,742        | 45.53%        | -                           | 20,013,742        | 45.53%        | -                           | 20,013,742        | 45.53%        | -                           |
| Dr Dinesh Kumar Chirla | 4,800,000         | 10.92%        | -                             | 4,800,000         | 10.92%        | -                             | 4,800,000         | 10.92%        | -                           | 4,800,000         | 10.92%        | -                           | 4,800,000         | 10.92%        | -                           |
| Dr Adarsh Kancharla    | 2,311,950         | 5.26%         | -                             | 2,311,950         | 5.26%         | -                             | 2,311,950         | 5.26%         | -                           | 2,311,950         | 5.26%         | -                           | 2,311,950         | 5.26%         | -                           |
| <b>Total</b>           | <b>27,125,692</b> | <b>61.71%</b> | <b>-</b>                      | <b>27,125,692</b> | <b>61.71%</b> | <b>-</b>                      | <b>27,125,692</b> | <b>61.71%</b> | <b>-</b>                    | <b>27,125,692</b> | <b>61.71%</b> | <b>-</b>                    | <b>27,125,692</b> | <b>61.71%</b> | <b>-</b>                    |

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## 2.13 Other equity

| Particulars                                                                                                              | Securities premium | General reserve | Debt redemption reserve | Capital reserve | Retained earning | Total other equity |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------|-------------------------|-----------------|------------------|--------------------|
| Balance as at 1 April 2018                                                                                               | 1,513.42           | 43.89           | 25.00                   | -               | 1,487.39         | 3,069.70           |
| Impact on account of transition to Ind AS 116, net of related deferred tax (Refer note 2.29 and 2.34) as at 1 April 2018 | -                  | -               | -                       | -               | (300.01)         | (300.01)           |
|                                                                                                                          | <b>1,513.42</b>    | <b>43.89</b>    | <b>25.00</b>            | <b>-</b>        | <b>1,187.38</b>  | <b>2,769.69</b>    |
| Surplus in statement of profit and loss                                                                                  | -                  | -               | -                       | -               | 445.90           | 445.90             |
| Transferred during the year                                                                                              | -                  | -               | 100.00                  | -               | -                | 100.00             |
| On account of business combination during the year (Refer note 2.49)                                                     | -                  | -               | -                       | 8.95            | -                | 8.95               |
| <b>Appropriations:</b>                                                                                                   |                    |                 |                         |                 |                  |                    |
| Amount transferred to debt redemption reserve                                                                            | -                  | -               | -                       | -               | (100.00)         | (100.00)           |
| Final dividend on equity shares for the year ended 31 March 2018 i.e. Re. 1 per share                                    | -                  | -               | -                       | -               | (43.96)          | (43.96)            |
| Tax on above final equity dividend                                                                                       | -                  | -               | -                       | -               | (9.04)           | (9.04)             |
| Final dividend on Series A CCPS for the year ended 31 March 2018 i.e. Re. 1 per share                                    | -                  | -               | -                       | -               | (1.15)           | (1.15)             |
| Final dividend on Series B CCPS for the year ended 31 March 2018 i.e. Re. 1 per share                                    | -                  | -               | -                       | -               | (1.13)           | (1.13)             |
| Tax on above Series A CCPS final dividend                                                                                | -                  | -               | -                       | -               | (0.23)           | (0.23)             |
| Tax on above Series B CCPS final dividend                                                                                | -                  | -               | -                       | -               | (0.23)           | (0.23)             |
| Remeasurement of defined benefit liability                                                                               | -                  | -               | -                       | -               | 5.66             | 5.66               |
| Income tax relating to remeasurement of defined benefit liability                                                        | -                  | -               | -                       | -               | (1.98)           | (1.98)             |
| <b>Balance as at 31 March 2019</b>                                                                                       | <b>1,513.42</b>    | <b>43.89</b>    | <b>125.00</b>           | <b>8.95</b>     | <b>1,481.22</b>  | <b>3,172.48</b>    |
| Ind AS 116 transition adjustment (refer Annexure VI)                                                                     | -                  | -               | -                       | -               | 433.45           | 433.45             |

| Particulars                                                                                           | Securities premium | General reserve | Debt redemption reserve | Capital reserve | Retained earning | Total other equity |
|-------------------------------------------------------------------------------------------------------|--------------------|-----------------|-------------------------|-----------------|------------------|--------------------|
| Balance as at 1 April 2019                                                                            | 1,513.42           | 43.89           | 125.00                  | 8.95            | 1,914.67         | 3,605.93           |
| Impact on account of transition to Ind AS 116, net of related deferred tax (Refer note 2.29 and 2.34) | -                  | -               | -                       | -               | (490.08)         | (490.08)           |
| Surplus in statement of profit and loss                                                               | -                  | -               | -                       | -               | 557.29           | 557.29             |
| Amount transferred                                                                                    | -                  | -               | (75.00)                 | -               | 75.00            | -                  |
| <b>Appropriations:</b>                                                                                |                    |                 |                         |                 |                  |                    |
| Final dividend on equity shares for the year ended 31 March 2019 i.e. Re. 1 per share                 | -                  | -               | -                       | -               | (44.01)          | (44.01)            |
| Tax on above final equity dividend                                                                    | -                  | -               | -                       | -               | (9.04)           | (9.04)             |
| Final dividend on Series A CCPS for the year ended 31 March 2019 i.e. Re. 1 per share                 | -                  | -               | -                       | -               | (1.14)           | (1.14)             |
| Final dividend on Series B CCPS for the year ended 31 March 2019 i.e. Re. 1 per share                 | -                  | -               | -                       | -               | (1.13)           | (1.13)             |
| Tax on above Series A CCPS final dividend                                                             | -                  | -               | -                       | -               | (0.24)           | (0.24)             |
| Tax on above Series B CCPS final dividend                                                             | -                  | -               | -                       | -               | (0.24)           | (0.24)             |
| Interim dividend on equity shares for the year ended 31 March 2020 i.e. Rs. 2 per share               | -                  | -               | -                       | -               | (87.92)          | (87.92)            |
| Tax on above interim equity dividend                                                                  | -                  | -               | -                       | -               | (18.07)          | (18.07)            |
| Interim dividend on Series A CCPS for the year ended 31 March 2020 i.e. Rs. 2 per share               | -                  | -               | -                       | -               | (2.29)           | (2.29)             |
| Interim dividend on Series B CCPS for the year ended 31 March 2020 i.e. Rs. 2 per share               | -                  | -               | -                       | -               | (2.27)           | (2.27)             |
| Tax on above interim Series A CCPS dividend                                                           | -                  | -               | -                       | -               | (0.47)           | (0.47)             |
| Tax on above interim Series B CCPS dividend                                                           | -                  | -               | -                       | -               | (0.47)           | (0.47)             |
| Remeasurement of defined benefit liability                                                            | -                  | -               | -                       | -               | (1.27)           | (1.27)             |
| Income tax relating to remeasurement of defined benefit liability                                     | -                  | -               | -                       | -               | 0.42             | 0.42               |
| <b>Balance as at 31 March 2020</b>                                                                    | <b>1,513.42</b>    | <b>43.89</b>    | <b>50.00</b>            | <b>8.95</b>     | <b>1,888.74</b>  | <b>3,505.00</b>    |

| Particulars                                                       | Securities premium | General reserve | Debt redemption reserve | Capital reserve | Retained earning | Total other equity |
|-------------------------------------------------------------------|--------------------|-----------------|-------------------------|-----------------|------------------|--------------------|
| <b>Balance as at 1 April 2020</b>                                 | <b>1,513.42</b>    | <b>43.89</b>    | <b>50.00</b>            | <b>8.95</b>     | <b>1,888.74</b>  | <b>3,505.00</b>    |
| Surplus in statement of profit and loss                           | -                  | -               | -                       | -               | 235.19           | 235.19             |
| Non-controlling interest in the subsidiary                        | -                  | -               | -                       | -               | -                | -                  |
| Amount transferred from debt redemption reserve                   | -                  | -               | -                       | -               | 5.00             | 5.00               |
| <b>Appropriations:</b>                                            |                    |                 |                         |                 |                  |                    |
| Amount transferred                                                | -                  | -               | (5.00)                  | -               | -                | (5.00)             |
| Remeasurement of defined benefit liability                        | -                  | -               | -                       | -               | 3.63             | 3.63               |
| Income tax relating to remeasurement of defined benefit liability | -                  | -               | -                       | -               | (0.91)           | (0.91)             |
| <b>Balance as at 30 September 2020</b>                            | <b>1,513.42</b>    | <b>43.89</b>    | <b>45.00</b>            | <b>8.95</b>     | <b>2,131.65</b>  | <b>3,742.91</b>    |

| Particulars                                                       | Securities premium | General reserve | Debt redemption reserve | Capital reserve | Retained earning | Total other equity |
|-------------------------------------------------------------------|--------------------|-----------------|-------------------------|-----------------|------------------|--------------------|
| <b>Balance as at 1 April 2020</b>                                 | <b>1,513.42</b>    | <b>43.89</b>    | <b>50.00</b>            | <b>8.95</b>     | <b>1,888.74</b>  | <b>3,505.00</b>    |
| Surplus in statement of profit and loss                           | -                  | -               | -                       | -               | 400.18           | 400.18             |
| Amount transferred from debt redemption reserve                   | -                  | -               | -                       | -               | 5.00             | 5.00               |
| <b>Appropriations:</b>                                            |                    |                 |                         |                 |                  |                    |
| Amount transferred                                                | -                  | -               | (5.00)                  | -               | -                | (5.00)             |
| Remeasurement of defined benefit liability                        | -                  | -               | -                       | -               | 12.51            | 12.51              |
| Income tax relating to remeasurement of defined benefit liability | -                  | -               | -                       | -               | (3.09)           | (3.09)             |
| <b>Balance as at 31 March 2021</b>                                | <b>1,513.42</b>    | <b>43.89</b>    | <b>45.00</b>            | <b>8.95</b>     | <b>2,303.34</b>  | <b>3,914.60</b>    |

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## 2.13 Other equity (continued)

| Particulars                                                                           | Securities premium | General reserve | Debenture redemption reserve | Capital reserve | Retained earning | Total other equity |
|---------------------------------------------------------------------------------------|--------------------|-----------------|------------------------------|-----------------|------------------|--------------------|
| <b>Balance as at 1 April 2021</b>                                                     | 1,513.42           | 43.89           | 45.00                        | 8.95            | 2,303.34         | 3,914.60           |
| Surplus in statement of profit and loss                                               | -                  | -               | -                            | -               | 811.29           | 811.29             |
| Non-controlling interest in the subsidiary                                            | -                  | -               | -                            | -               | 0.58             | 0.58               |
| Amount transferred from debenture redemption reserve                                  | -                  | -               | -                            | -               | 5.00             | 5.00               |
| <b>Appropriations:</b>                                                                |                    |                 |                              |                 |                  |                    |
| Amount transferred                                                                    | -                  | -               | (5.00)                       | -               | -                | (5.00)             |
| Final dividend on equity shares for the year ended 31 March 2021 i.e. Rs. 2 per share | -                  | -               | -                            | -               | (87.92)          | (87.92)            |
| Final dividend on Series A CCPS for the year ended 31 March 2021 i.e. Rs. 2 per share | -                  | -               | -                            | -               | (2.29)           | (2.29)             |
| Final dividend on Series B CCPS for the year ended 31 March 2021 i.e. Rs. 2 per share | -                  | -               | -                            | -               | (2.27)           | (2.27)             |
| Remeasurement of defined benefit liability                                            | -                  | -               | -                            | -               | 5.70             | 5.70               |
| Income tax relating to remeasurement of defined benefit liability                     | -                  | -               | -                            | -               | (1.43)           | (1.43)             |
| <b>Balance as at 30 September 2021</b>                                                | <b>1,513.42</b>    | <b>43.89</b>    | <b>40.00</b>                 | <b>8.95</b>     | <b>3,032.00</b>  | <b>4,638.26</b>    |

*Securities premium*

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

*General reserve*

The general reserve is used time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Consolidated Statement of Profit and Loss.

*Debenture redemption reserve*

The Parent Company had issued non-convertible debentures. The Parent Company is required to create debenture redemption reserve out of the profits of the Parent Company available for payment of dividend to its shareholders.

*Other comprehensive income*

Remeasurements of defined benefit plans comprises of actuarial gains and losses.

*Retained earnings*

The amount that can be distributed by the Parent Company as dividends to its equity and preference shareholders.

*Dividend*

The Parent Company has paid the final dividend of Re.1 per equity and preference share pertaining to year ended 31 March 2019 which were proposed by the directors and approved at the Annual General Meeting of the respective year. During the year ended 31 March 2020, the Parent Company has declared an interim dividend of Rs. 2 per equity share and preference share. Dividends which were distributed on or before 31 March 2020 have attracted Dividend Distribution Tax. For the year ended 31 March 2021, the Parent Company has declared final dividend of Rs. 2 per equity and preference share which were proposed by the directors and approved at the Annual General meeting of the respective year.

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|                                                                                                                                                                                                                                                                                                         | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>2.14 Borrowings (non-current)</b>                                                                                                                                                                                                                                                                    |                            |                            |                        |                        |                        |
| <b>Secured</b>                                                                                                                                                                                                                                                                                          |                            |                            |                        |                        |                        |
| <b>Debentures (at amortised cost)</b>                                                                                                                                                                                                                                                                   |                            |                            |                        |                        |                        |
| 500 (30 September 2020: 500, 31 March 2021: 500, 31 March 2020: 500, 31 March 2019: 500) 9.5% redeemable non-convertible debentures (NCD) of Rs. 8,00,000 (30 September 2020: 900,000, 31 March 2021: 900,000, 31 March 2020: 1,000,000, 31 March 2019: 1,000,000 ) each (secured) (refer note A below) | 272.40                     | 395.13                     | 397.35                 | 444.17                 | 491.63                 |
| <b>Term loans</b>                                                                                                                                                                                                                                                                                       |                            |                            |                        |                        |                        |
| From banks (at amortised cost)                                                                                                                                                                                                                                                                          |                            |                            |                        |                        |                        |
| Vehicle loans (refer note B below)                                                                                                                                                                                                                                                                      | -                          | 9.64                       | 7.85                   | 13.91                  | 5.67                   |
|                                                                                                                                                                                                                                                                                                         | <b>272.40</b>              | <b>404.77</b>              | <b>405.20</b>          | <b>458.08</b>          | <b>497.30</b>          |

A. The Parent Company had entered into a debenture trust deed agreement with CDC Emerging Markets Limited for issue of 1,000 NCD with a face value of Rs. 1,000,000 each. The following is the status of debentures allotted:

- 10 NCD allotted on 5 October 2016 aggregating to Rs. 10 million
- 90 NCD allotted on 9 February 2017 aggregating to Rs. 90 million
- 400 NCD allotted on 4 July 2018 aggregating to Rs. 400 million.

These NCD's are secured by first ranking fixed charge over all fixed assets (including real estate and mortgage over fixed assets) of the issuer (paripassu with existing secured creditors in relation to existing assets; in priority to existing secured creditors with respect to new assets) and first ranking floating charge over all current assets, including bank assets and receivables of the Parent Company.

The NCD's are redeemable at its face value with an option of early prepayment only on and from 30 June 2023. The Parent Company has modified the terms during the period ended 30 September 2021.

The repayment schedule is as under:

Year 0 to 4 - Nil

Year 4 and 5 - 10% of the amount borrowed

Year 6 and 7 - 25% of the amount borrowed

Year 8 - 30% of the amount borrowed

The final redemption date is 5 August 2024. These NCD's carries an interest rate of 9.50% p.a payable in every six month (i.e. 4 April and 4 October of every year). Interest rate has been revised from 10.50% p.a to 9.50% p.a. with effect from 5 April 2018 vide amended agreement dated 10 April 2018. Subsequent to previous year end, the interest due for the six months as at 31 March 2020 which is payable on 04 April 2020 has been deferred to 03 July 2020 vide agreement dated 03 April 2020. The face value of NCD's have been reduced to Rs. 900,000 each post repayment of installment during the year ended 31 March 2021 and Rs 800,000 each post repayment of NCD's during the period ended 30 September 2021.

B. Vehicle loans from banks represents loans taken from HDFC Bank Limited amounting to Rs. Nil (30 September 2020: Rs. 9.64 million, 31 March 2021: Rs. 7.85 million, 31 March 2020: Rs. 13.91 million, 31 March 2019: Rs. 5.67 million) disclosed under long-term borrowings and Rs. 9.64 million (30 September 2020: Rs. 5.20 million, 31 March 2021: Rs. 4.29 million, 31 March 2020: Rs. 4.37 million, 31 March 2019: Rs. 7.22 million) disclosed under current maturities of long-term debts are secured by hypothecation of vehicles financed by respective banks and carry interest rates in the range of 8.17% p.a. to 9.65% p.a. (30 September 2020: 8.17% p.a. to 11.20% p.a., 31 March 2021: 8.17% p.a. to 11.20% p.a., 31 March 2020: 8.17% p.a. to 11.20% p.a., 31 March 2019: 8.17% p.a. to 11.20% p.a.) These loans are repayable in equated monthly installments with the last installment falling due on March 2025. Subsequent to Balance sheet date, the Parent Company has repaid the entire amount on 22 October 2021. Therefore the entire loan amount has been classified under current maturities of long-term debts.

C. The Group's exposure to liquidity and interest rate risk related to borrowings are disclosed in note 2.42.

## 2.15 Provisions (non-current)

Provision for employee benefits

- Gratuity (refer note 2.32(b))
- Compensated absences

|  |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
|  | 56.43        | 55.02        | 55.19        | 49.29        | 37.63        |
|  | -            | -            | -            | 21.77        | 18.70        |
|  | <b>56.43</b> | <b>55.02</b> | <b>55.19</b> | <b>71.06</b> | <b>56.33</b> |

## 2.16 Borrowings (current)

Secured

- Overdraft from bank

Current maturities of long-term debts (refer note 2.14)

Interest accrued but not due on borrowings

|  |               |              |              |               |              |
|--|---------------|--------------|--------------|---------------|--------------|
|  | -             | -            | -            | 42.14         | -            |
|  | 134.64        | 55.20        | 53.63        | 53.32         | 7.22         |
|  | 20.24         | 22.57        | 20.84        | 23.26         | 21.90        |
|  | <b>154.88</b> | <b>77.77</b> | <b>74.47</b> | <b>118.72</b> | <b>29.12</b> |

### Note:

(a) Overdraft facility from HDFC Bank Limited is secured against lien marked on fixed deposits of the Parent Company maintained with the bank. It carries floating interest rate which is equal to interest rate on deposits placed with Bank + 0.5% i.e. 7.23% p.a.

(b) The Group's exposure to liquidity and interest rate risk related to borrowings are disclosed in note 2.42.

## 2.17 Trade payables

|                                                                              | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| Trade payables                                                               |                            |                            |                        |                        |                        |
| - due to micro enterprises and small enterprises (MSME)<br>(refer note 2.39) | 16.09                      | 9.21                       | 0.53                   | 31.43                  | -                      |
| - due to creditors other than micro enterprises and small enterprises        | 625.04                     | 482.83                     | 536.72                 | 550.31                 | 432.35                 |
|                                                                              | <b>641.13</b>              | <b>492.04</b>              | <b>537.25</b>          | <b>581.74</b>          | <b>432.35</b>          |

The Group's exposure to liquidity and currency risk and loss allowances related to trade payables are disclosed in note 2.42.

Refer note 2.33 for related party balances.

## Trade payables ageing schedule

## As at 30 September 2021

| Particulars              | Outstanding for following periods from due date of payment |             |             |                   | Total         |
|--------------------------|------------------------------------------------------------|-------------|-------------|-------------------|---------------|
|                          | Less than 1 year                                           | 1-2 years   | 2-3 years   | More than 3 years |               |
| i) MSME                  | 16.09                                                      | -           | -           | -                 | 16.09         |
| ii) Others               | 620.39                                                     | 1.89        | 2.76        | -                 | 625.04        |
| iii) Disputed dues-MSME  | -                                                          | -           | -           | -                 | -             |
| iv) Disputed dues-Others | -                                                          | -           | -           | -                 | -             |
| <b>Total</b>             | <b>636.48</b>                                              | <b>1.89</b> | <b>2.76</b> | <b>-</b>          | <b>641.13</b> |

## As at 30 September 2020

| Particulars              | Outstanding for following periods from due date of payment |             |             |                   | Total         |
|--------------------------|------------------------------------------------------------|-------------|-------------|-------------------|---------------|
|                          | Less than 1 year                                           | 1-2 years   | 2-3 years   | More than 3 years |               |
| i) MSME                  | 9.21                                                       | -           | -           | -                 | 9.21          |
| ii) Others               | 474.74                                                     | 2.77        | 3.56        | 1.76              | 482.83        |
| iii) Disputed dues-MSME  | -                                                          | -           | -           | -                 | -             |
| iv) Disputed dues-Others | -                                                          | -           | -           | -                 | -             |
| <b>Total</b>             | <b>483.95</b>                                              | <b>2.77</b> | <b>3.56</b> | <b>1.76</b>       | <b>492.04</b> |

## As at 31 March 2021

| Particulars              | Outstanding for following periods from due date of payment |             |             |                   | Total         |
|--------------------------|------------------------------------------------------------|-------------|-------------|-------------------|---------------|
|                          | Less than 1 year                                           | 1-2 years   | 2-3 years   | More than 3 years |               |
| i) MSME                  | 0.53                                                       | -           | -           | -                 | 0.53          |
| ii) Others               | 529.51                                                     | 3.66        | 1.15        | 2.40              | 536.72        |
| iii) Disputed dues-MSME  | -                                                          | -           | -           | -                 | -             |
| iv) Disputed dues-Others | -                                                          | -           | -           | -                 | -             |
| <b>Total</b>             | <b>530.04</b>                                              | <b>3.66</b> | <b>1.15</b> | <b>2.40</b>       | <b>537.25</b> |

## As at 31 March 2020

| Particulars              | Outstanding for following periods from due date of payment |             |             |                   | Total         |
|--------------------------|------------------------------------------------------------|-------------|-------------|-------------------|---------------|
|                          | Less than 1 year                                           | 1-2 years   | 2-3 years   | More than 3 years |               |
| i) MSME                  | 31.43                                                      | -           | -           | -                 | 31.43         |
| ii) Others               | 544.30                                                     | 1.44        | 2.28        | 2.29              | 550.31        |
| iii) Disputed dues-MSME  | -                                                          | -           | -           | -                 | -             |
| iv) Disputed dues-Others | -                                                          | -           | -           | -                 | -             |
| <b>Total</b>             | <b>575.73</b>                                              | <b>1.44</b> | <b>2.28</b> | <b>2.29</b>       | <b>581.74</b> |

## As at 31 March 2019

| Particulars              | Outstanding for following periods from due date of payment |             |             |                   | Total         |
|--------------------------|------------------------------------------------------------|-------------|-------------|-------------------|---------------|
|                          | Less than 1 year                                           | 1-2 years   | 2-3 years   | More than 3 years |               |
| i) MSME                  | -                                                          | -           | -           | -                 | -             |
| ii) Others               | 426.31                                                     | 4.46        | 0.58        | 1.00              | 432.35        |
| iii) Disputed dues-MSME  | -                                                          | -           | -           | -                 | -             |
| iv) Disputed dues-Others | -                                                          | -           | -           | -                 | -             |
| <b>Total</b>             | <b>426.31</b>                                              | <b>4.46</b> | <b>0.58</b> | <b>1.00</b>       | <b>432.35</b> |

|                                                                                                                                                                                                                         | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>2.18 Other financial liabilities</b>                                                                                                                                                                                 |                            |                            |                        |                        |                        |
| Employee benefit payables <sup>^</sup>                                                                                                                                                                                  | 189.37                     | 216.09                     | 219.68                 | 186.03                 | 149.11                 |
| Creditors for capital goods <sup>^</sup>                                                                                                                                                                                | 55.69                      | 132.60                     | 142.56                 | 139.51                 | 95.21                  |
| Purchase consideration payable (refer note 2.49)                                                                                                                                                                        | 3.57                       | 4.72                       | 3.57                   | 7.08                   | 7.08                   |
| Other payables                                                                                                                                                                                                          | 30.00                      | 20.77                      | 28.74                  | 12.07                  | -                      |
|                                                                                                                                                                                                                         | <b>278.63</b>              | <b>374.18</b>              | <b>394.55</b>          | <b>344.69</b>          | <b>251.40</b>          |
| <sup>^</sup> Refer note 2.33 for related party balances.                                                                                                                                                                |                            |                            |                        |                        |                        |
| The Group's exposure to liquidity risk related to other financial liabilities are disclosed in note 2.42.                                                                                                               |                            |                            |                        |                        |                        |
| <b>2.19 Provisions (current)</b>                                                                                                                                                                                        |                            |                            |                        |                        |                        |
| Provision for employee benefits                                                                                                                                                                                         |                            |                            |                        |                        |                        |
| Gratuity (refer note 2.32 (b))                                                                                                                                                                                          | 2.41                       | 1.70                       | 2.20                   | 1.72                   | 1.91                   |
| Compensated absences                                                                                                                                                                                                    | 9.89                       | 27.57                      | 20.56                  | 4.21                   | 3.89                   |
|                                                                                                                                                                                                                         | 12.30                      | 29.27                      | 22.76                  | 5.93                   | 5.80                   |
| Provision for claims, other than taxes*                                                                                                                                                                                 | 1.94                       | 1.94                       | 1.94                   | 1.94                   | 1.94                   |
|                                                                                                                                                                                                                         | <b>14.24</b>               | <b>31.21</b>               | <b>24.70</b>           | <b>7.87</b>            | <b>7.74</b>            |
| <b>*Movement in provision for claims, other than taxes:</b>                                                                                                                                                             |                            |                            |                        |                        |                        |
| Opening balance                                                                                                                                                                                                         | 1.94                       | 1.94                       | 1.94                   | 1.94                   | 1.94                   |
| Add: Addition during the period/year                                                                                                                                                                                    | -                          | -                          | -                      | -                      | -                      |
| Less: Utilisation/ reversal during the period/year                                                                                                                                                                      | -                          | -                          | -                      | -                      | -                      |
| Closing balance                                                                                                                                                                                                         | <b>1.94</b>                | <b>1.94</b>                | <b>1.94</b>            | <b>1.94</b>            | <b>1.94</b>            |
| Provision for claims, other than taxes represents claims pending before Courts and based on Management's estimate of claims, provision is made on prudent basis that possible outflow of resources may arise in future. |                            |                            |                        |                        |                        |
| <b>2.20 Current tax liabilities (net)</b>                                                                                                                                                                               |                            |                            |                        |                        |                        |
| Provision for taxation (net of advance tax : Rs. 215.54 million (30 September 2020: Rs. 338.26 million, 31 March 2021 : Rs. 475.35 million, 31 March 2020: Rs. 415.00 million and 31 March 2019 : Rs 385.40 million))   | 119.72                     | 62.48                      | 38.45                  | 36.37                  | 51.80                  |
|                                                                                                                                                                                                                         | <b>119.72</b>              | <b>62.48</b>               | <b>38.45</b>           | <b>36.37</b>           | <b>51.80</b>           |
| <b>2.21 Other current liabilities</b>                                                                                                                                                                                   |                            |                            |                        |                        |                        |
| Contract liabilities (advance from patients)                                                                                                                                                                            | 94.88                      | 61.26                      | 58.82                  | 51.48                  | 43.28                  |
| Statutory liabilities                                                                                                                                                                                                   | 57.27                      | 32.64                      | 35.21                  | 50.35                  | 46.57                  |
|                                                                                                                                                                                                                         | <b>152.15</b>              | <b>93.90</b>               | <b>94.03</b>           | <b>101.83</b>          | <b>89.85</b>           |

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## Annexure VII - Notes to Restated Consolidated Financial Information

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

|                                                                            | For the six<br>period months ended<br>30 September 2021 | For the six<br>period months ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|----------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>2.22 Revenue from operations</b>                                        |                                                         |                                                         |                                        |                                        |                                        |
| Income from medical and healthcare services                                |                                                         |                                                         |                                        |                                        |                                        |
| - Revenue from hospital services (Refer note 2.45)                         | 4,558.92                                                | 2,575.65                                                | 5,380.07                               | 5,969.28                               | 4,565.61                               |
| - Revenue from pharmacy sales (Refer note 2.45)                            | 451.52                                                  | 402.24                                                  | 858.48                                 | 940.22                                 | 693.67                                 |
| - Revenue from medical service fee (Refer note 2.45)                       | 86.89                                                   | 76.29                                                   | 161.32                                 | 162.56                                 | 66.93                                  |
|                                                                            | <b>5,097.33</b>                                         | <b>3,054.18</b>                                         | <b>6,399.87</b>                        | <b>7,072.06</b>                        | <b>5,326.21</b>                        |
| Other operating income                                                     | 28.22                                                   | 43.65                                                   | 100.60                                 | 121.85                                 | 101.71                                 |
|                                                                            | <b>5,125.55</b>                                         | <b>3,097.83</b>                                         | <b>6,500.47</b>                        | <b>7,193.91</b>                        | <b>5,427.92</b>                        |
| <b>2.23 Other income</b>                                                   |                                                         |                                                         |                                        |                                        |                                        |
| Interest income on financial assets carried at amortised cost              |                                                         |                                                         |                                        |                                        |                                        |
| - bank deposits                                                            | 25.58                                                   | 28.26                                                   | 57.13                                  | 56.91                                  | 39.90                                  |
| - Inter corporate deposits (ICD)                                           | 15.75                                                   | 10.70                                                   | 18.20                                  | 14.33                                  | 7.31                                   |
| - other financial assets carried at amortised cost                         | 5.34                                                    | 12.71                                                   | 15.08                                  | 26.16                                  | 21.40                                  |
| - others                                                                   | -                                                       | -                                                       | -                                      | 1.36                                   | -                                      |
| Dividend income                                                            | 0.96                                                    | 0.81                                                    | 2.64                                   | 3.96                                   | 1.42                                   |
| Net gain on financial assets measured at fair value through profit or loss | 1.77                                                    | 0.36                                                    | 0.17                                   | -                                      | -                                      |
| Liabilities no longer required written back                                | 12.77                                                   | 0.56                                                    | 3.34                                   | 0.10                                   | 13.16                                  |
| Gain on sale of plant, property & equipment                                | -                                                       | 0.93                                                    | 1.08                                   | 0.63                                   | 0.33                                   |
| Gain on sale of non-current investment                                     | 8.20                                                    | -                                                       | -                                      | -                                      | -                                      |
| Foreign exchange gain, net                                                 | -                                                       | -                                                       | 0.22                                   | 0.01                                   | -                                      |
| Other non-operating income                                                 | -                                                       | 3.51                                                    | 4.77                                   | -                                      | -                                      |
|                                                                            | <b>70.37</b>                                            | <b>57.84</b>                                            | <b>102.63</b>                          | <b>103.46</b>                          | <b>83.52</b>                           |
| <b>2.24 Medical consumables and pharmacy items consumed</b>                |                                                         |                                                         |                                        |                                        |                                        |
| Inventory at the beginning of period/year                                  | 100.97                                                  | 159.77                                                  | 159.77                                 | 69.98                                  | 59.80                                  |
| Add: Purchases during the period/year                                      | 1,290.84                                                | 435.81                                                  | 973.82                                 | 1,142.93                               | 812.31                                 |
| Less: Closing Inventory                                                    | (162.97)                                                | (109.64)                                                | (100.97)                               | (159.77)                               | (69.98)                                |
|                                                                            | <b>1,228.84</b>                                         | <b>485.94</b>                                           | <b>1,032.62</b>                        | <b>1,053.14</b>                        | <b>802.13</b>                          |
| <b>2.25 Employee benefits expense *</b>                                    |                                                         |                                                         |                                        |                                        |                                        |
| Salaries, wages and bonus                                                  | 512.83                                                  | 452.09                                                  | 949.77                                 | 1,011.55                               | 790.41                                 |
| Contribution to provident and other funds (Refer note 2.32 (a))            | 23.04                                                   | 23.72                                                   | 48.23                                  | 49.40                                  | 48.84                                  |
| Staff welfare expenses                                                     | 16.22                                                   | 11.70                                                   | 22.94                                  | 28.76                                  | 18.15                                  |
|                                                                            | <b>552.09</b>                                           | <b>487.51</b>                                           | <b>1,020.94</b>                        | <b>1,089.71</b>                        | <b>857.40</b>                          |
| * Net of amount capitalised (refer note 2.41)                              |                                                         |                                                         |                                        |                                        |                                        |
| <b>2.26 Finance costs*</b>                                                 |                                                         |                                                         |                                        |                                        |                                        |
| Interest cost on financial liabilities measured at amortised cost          |                                                         |                                                         |                                        |                                        |                                        |
| - term loans from banks                                                    | 0.46                                                    | 0.70                                                    | 1.28                                   | 0.99                                   | 1.70                                   |
| - on debentures                                                            | 20.70                                                   | 23.15                                                   | 44.47                                  | 49.07                                  | 22.91                                  |
| - on other loans from banks                                                | -                                                       | 0.63                                                    | 0.75                                   | 1.02                                   | 0.72                                   |
| Interest expense on lease liabilities (Refer note 2.34)                    | 231.49                                                  | 174.36                                                  | 385.94                                 | 394.98                                 | 362.66                                 |
| Others (including interest on income tax)                                  | 0.71                                                    | 2.00                                                    | 8.19                                   | -                                      | 2.25                                   |
|                                                                            | <b>253.36</b>                                           | <b>200.84</b>                                           | <b>440.63</b>                          | <b>446.06</b>                          | <b>390.24</b>                          |
| * Net of amount capitalised (Refer note 2.41)                              |                                                         |                                                         |                                        |                                        |                                        |
| <b>2.27 Depreciation and amortisation expense</b>                          |                                                         |                                                         |                                        |                                        |                                        |
| Depreciation on property, plant and equipment (Refer note 2.1(a))          | 249.74                                                  | 213.11                                                  | 450.71                                 | 416.11                                 | 350.60                                 |
| Amortisation of intangible assets (Refer note 2.1(b))                      | 3.71                                                    | 6.96                                                    | 11.47                                  | 20.12                                  | 18.62                                  |
| Depreciation of right-of-use assets (Refer note 2.34)                      | 145.06                                                  | 133.47                                                  | 271.20                                 | 257.88                                 | 233.94                                 |
|                                                                            | <b>398.51</b>                                           | <b>353.54</b>                                           | <b>733.38</b>                          | <b>694.11</b>                          | <b>603.16</b>                          |

## Annexure VII - Notes to Restated Consolidated Financial Information

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

|                                                   | For the six<br>period months ended<br>30 September 2021 | For the six<br>period months ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|---------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>2.28 Other expenses *</b>                      |                                                         |                                                         |                                        |                                        |                                        |
| Professional charges                              | 967.58                                                  | 752.90                                                  | 1,594.55                               | 1,674.28                               | 1,266.64                               |
| Hospital maintenance                              | 21.04                                                   | 18.60                                                   | 36.97                                  | 45.92                                  | 41.94                                  |
| Canteen expenses                                  | 69.14                                                   | 49.16                                                   | 111.69                                 | 138.72                                 | 94.77                                  |
| Contract wages                                    | 103.71                                                  | 78.40                                                   | 171.69                                 | 164.54                                 | 150.37                                 |
| Housekeeping expenses                             | 23.15                                                   | 21.94                                                   | 44.23                                  | 62.30                                  | 51.88                                  |
| Power and fuel                                    | 85.34                                                   | 64.41                                                   | 138.42                                 | 148.64                                 | 123.53                                 |
| Lab and investigations                            | 56.93                                                   | 51.73                                                   | 120.28                                 | 95.01                                  | 79.97                                  |
| Repairs and maintenance                           |                                                         |                                                         |                                        |                                        |                                        |
| - Plant and equipment                             | 22.78                                                   | 21.08                                                   | 64.74                                  | 38.49                                  | 30.64                                  |
| - Others                                          | 54.63                                                   | 52.64                                                   | 137.66                                 | 205.78                                 | 88.68                                  |
| Rent (Refer note 2.34)                            | 16.28                                                   | 14.56                                                   | 28.95                                  | 29.08                                  | 13.80                                  |
| Rates and taxes                                   | 46.25                                                   | 36.46                                                   | 82.31                                  | 90.38                                  | 53.61                                  |
| Business promotion and advertisement              | 78.36                                                   | 35.14                                                   | 90.49                                  | 140.63                                 | 113.54                                 |
| Travelling and conveyance                         | 8.41                                                    | 5.43                                                    | 15.32                                  | 31.64                                  | 17.69                                  |
| Printing and stationary                           | 22.96                                                   | 16.93                                                   | 35.48                                  | 40.45                                  | 34.89                                  |
| Bad debts written off                             | 0.99                                                    | -                                                       | 3.15                                   | 1.79                                   | 1.69                                   |
| Advances written off                              | -                                                       | -                                                       | -                                      | 0.84                                   | -                                      |
| Allowances for doubtful advances                  | 6.70                                                    | -                                                       | -                                      | -                                      | -                                      |
| Allowance for expected credit loss                | 16.46                                                   | 29.24                                                   | 27.60                                  | 54.29                                  | 26.86                                  |
| Loss on sale of asset, net                        | 0.31                                                    | -                                                       | -                                      | -                                      | -                                      |
| Communication expenses                            | 29.50                                                   | 9.07                                                    | 23.12                                  | 23.67                                  | 24.69                                  |
| Insurance                                         | 4.85                                                    | 5.33                                                    | 11.02                                  | 6.82                                   | 5.08                                   |
| Professional and consultancy (refer note 2.36)    | 12.78                                                   | 7.60                                                    | 26.02                                  | 35.61                                  | 23.66                                  |
| Directors sitting fees                            | 0.28                                                    | 0.13                                                    | 0.45                                   | 0.35                                   | 0.61                                   |
| Donations                                         | -                                                       | 10.04                                                   | 10.04                                  | -                                      | 0.52                                   |
| Corporate social responsibility (refer note 2.40) | -                                                       | 10.89                                                   | 15.70                                  | 6.77                                   | 3.37                                   |
| Bank charges                                      | 15.42                                                   | 11.24                                                   | 23.09                                  | 36.58                                  | 29.31                                  |
| Foreign exchange loss, net                        | 0.27                                                    | 0.04                                                    | -                                      | -                                      | 0.02                                   |
| Miscellaneous expenses                            | 5.76                                                    | 4.21                                                    | 5.60                                   | 8.21                                   | 5.49                                   |
|                                                   | <b>1,669.88</b>                                         | <b>1,307.17</b>                                         | <b>2,818.57</b>                        | <b>3,080.79</b>                        | <b>2,283.25</b>                        |

\* Net of amount capitalised (refer note 2.41)

**2.29 Tax expense, net**

|                                                |               |               |               |               |               |
|------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Current tax                                    | 309.35        | 134.85        | 239.12        | 434.28        | 179.92        |
|                                                | <b>309.35</b> | <b>134.85</b> | <b>239.12</b> | <b>434.28</b> | <b>179.92</b> |
| Deferred tax expense/(credit)                  | (28.29)       | (47.33)       | (77.84)       | 6.72          | (50.56)       |
| Deferred tax expense/(credit) for earlier year | -             | -             | -             | (60.84)       | -             |
|                                                | <b>281.06</b> | <b>87.52</b>  | <b>161.28</b> | <b>380.16</b> | <b>129.36</b> |

**a. Reconciliation of effective tax rate**

|                                       |                 |               |               |               |               |
|---------------------------------------|-----------------|---------------|---------------|---------------|---------------|
| Profit before tax                     | <b>1,093.24</b> | <b>320.67</b> | <b>556.96</b> | <b>933.56</b> | <b>575.26</b> |
| Enacted tax rates*                    | 25.17%          | 25.17%        | 25.17%        | 34.94%        | 34.94%        |
| Tax expense at enacted rates          | 275.15          | 80.71         | 140.18        | 326.22        | 201.02        |
| 80JJA deduction                       | -               | (2.35)        | -             | -             | -             |
| Income not subject to tax             | -               | -             | -             | (0.99)        | -             |
| Expenses not deductible for tax       | 24.33           | 7.16          | 4.92          | 2.37          | 2.60          |
| Unrecognised deferred tax assets, net | 7.99            | 9.91          | 24.75         | 60.84         | (14.29)       |
| Change in tax rate*                   | -               | -             | -             | (3.78)        | (65.26)       |
| Others                                | (26.41)         | (7.91)        | (8.57)        | (4.50)        | 5.29          |
|                                       | <b>281.06</b>   | <b>87.52</b>  | <b>161.28</b> | <b>380.16</b> | <b>129.36</b> |

\*The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated on 20 September 2019. The Ordinance has amended the Income Tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to domestic companies to pay income tax at a reduced tax of 22 percent plus applicable surcharge and cess with certain conditions to be met. The Group has opted for this amendment in financial year 2020-2021 and accordingly deferred tax is calculated @ 22 percent plus applicable surcharge and cess for the year ended 31 March 2020.



## 2.29 Tax expenses, net (continued)

## b. The following table provides the details of income tax assets and income tax liabilities:

|                                                                                   | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| Income tax assets, net                                                            | 31.80                      | 46.67                      | 44.92                  | 21.70                  | 40.26                  |
| Current tax liabilities, net                                                      | (119.72)                   | (62.48)                    | (38.45)                | (36.37)                | (51.80)                |
| <b>Net current income tax (liabilities)/ assets at the end of the period/year</b> | <b>(87.92)</b>             | <b>(15.81)</b>             | <b>6.47</b>            | <b>(14.67)</b>         | <b>(11.54)</b>         |

## c. The gross movement in the net income tax (liabilities)/ assets is as follows:

|                                                                                   |                |                |             |                |                |
|-----------------------------------------------------------------------------------|----------------|----------------|-------------|----------------|----------------|
| Net income tax (liabilities)/assets at the beginning of the period/ year          | 6.47           | (14.67)        | (14.67)     | (11.54)        | 22.56          |
| Income tax paid                                                                   | 214.96         | 133.71         | 264.89      | 201.11         | 147.80         |
| MAT credit utilisation                                                            | -              | -              | -           | 230.04         | -              |
| Income tax expense for the year including interest expense                        | (309.35)       | (134.85)       | (243.75)    | (434.28)       | (181.90)       |
| <b>Net current income tax (liabilities)/ assets at the end of the period/year</b> | <b>(87.92)</b> | <b>(15.81)</b> | <b>6.47</b> | <b>(14.67)</b> | <b>(11.54)</b> |

## d. Recognition of deferred tax assets and liabilities

## (i) Deferred tax assets and liabilities are attributable to the following

| Particulars                                                                                                                        | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>Deferred tax liability</b>                                                                                                      |                            |                            |                        |                        |                        |
| Expenses of depreciation on the property, plant and equipment under income-tax, 1961 over depreciation under Right-of-use of Asset | 294.80                     | 303.52                     | 297.71                 | 311.78                 | 253.12                 |
| Others                                                                                                                             | 892.73                     | 832.04                     | 901.84                 | 854.67                 | -                      |
|                                                                                                                                    | 1.05                       | -                          | -                      | -                      | -                      |
| <b>Total deferred tax liability</b>                                                                                                | <b>1,188.58</b>            | <b>1,135.56</b>            | <b>1,199.55</b>        | <b>1,166.45</b>        | <b>253.12</b>          |
| <b>Deferred tax asset</b>                                                                                                          |                            |                            |                        |                        |                        |
| Provision for impairment on receivables                                                                                            | 37.12                      | 32.62                      | 29.33                  | 24.35                  | 16.13                  |
| Provision for employee benefits                                                                                                    | 17.34                      | 20.86                      | 19.29                  | 19.13                  | 21.73                  |
| Provision for bonus                                                                                                                | 17.63                      | 23.28                      | 25.22                  | 22.91                  | 29.51                  |
| Unabsorbed depreciation losses carried forward                                                                                     | 7.29                       | 14.30                      | 12.20                  | 7.87                   | -                      |
| Lease liabilities (including impact on transition to Ind AS)                                                                       | 1,163.93                   | 1,052.76                   | 1,138.04               | 1,042.21               | 197.08                 |
| Others                                                                                                                             | -                          | (11.81)                    | 3.35                   | -                      | -                      |
| Minimum alternate tax credit entitlement                                                                                           | -                          | -                          | -                      | -                      | 168.76                 |
| <b>Total deferred tax asset</b>                                                                                                    | <b>1,243.31</b>            | <b>1,132.01</b>            | <b>1,227.43</b>        | <b>1,116.47</b>        | <b>433.21</b>          |
| <b>Net deferred tax liability/(asset)</b>                                                                                          | <b>(54.73)</b>             | <b>3.55</b>                | <b>(27.88)</b>         | <b>49.98</b>           | <b>(180.09)</b>        |

## (ii) Movement in temporary differences

| Particulars                                                                                                               | Balance as at<br>1 April 2021 | Recognised in<br>retained earnings | Minimum alternate<br>tax credit utilised | Recognised in<br>consolidated statement<br>of profit or loss | Recognised in OCI | Balance as at<br>30 September 2021 |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------|------------------------------------------|--------------------------------------------------------------|-------------------|------------------------------------|
| Provision for impairment on receivables                                                                                   | 29.33                         | -                                  | -                                        | 7.79                                                         | -                 | 37.12                              |
| Provision for employee benefits                                                                                           | 19.29                         | -                                  | -                                        | (0.51)                                                       | (1.44)            | 17.34                              |
| Provision for bonus                                                                                                       | 25.22                         | -                                  | -                                        | (7.59)                                                       | -                 | 17.63                              |
| Unabsorbed depreciation losses carried forward                                                                            | 12.20                         | -                                  | -                                        | (4.91)                                                       | -                 | 7.29                               |
| Lease liabilities                                                                                                         | 1,138.04                      | -                                  | -                                        | 25.89                                                        | -                 | 1,163.93                           |
| Others                                                                                                                    | 3.35                          | -                                  | -                                        | (4.40)                                                       | -                 | (1.05)                             |
| Right-of-use of asset                                                                                                     | (901.84)                      | -                                  | -                                        | 9.11                                                         | -                 | (892.73)                           |
| Excess of depreciation on the property, plant and equipment under income-tax, 1961 over depreciation under Companies Act. | (297.71)                      | -                                  | -                                        | 2.91                                                         | -                 | (294.80)                           |
|                                                                                                                           | <b>27.88</b>                  | <b>-</b>                           | <b>-</b>                                 | <b>28.29</b>                                                 | <b>(1.44)</b>     | <b>54.73</b>                       |

| Particulars                                                                                                               | Balance as at<br>1 April 2020 | Recognised in<br>retained earnings | Minimum alternate<br>tax credit utilised | Recognised in<br>consolidated statement<br>of profit or loss | Recognised in OCI | Balance as at<br>30 September 2020 |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------|------------------------------------------|--------------------------------------------------------------|-------------------|------------------------------------|
| Provision for impairment on receivables                                                                                   | 24.35                         | -                                  | -                                        | 8.27                                                         | -                 | 32.62                              |
| Provision for employee benefits                                                                                           | 19.13                         | -                                  | -                                        | 2.63                                                         | (0.90)            | 20.86                              |
| Provision for bonus                                                                                                       | 22.91                         | -                                  | -                                        | 0.37                                                         | -                 | 23.28                              |
| Unabsorbed depreciation losses carried forward                                                                            | 7.87                          | -                                  | -                                        | 6.43                                                         | -                 | 14.30                              |
| Lease liabilities                                                                                                         | 1,042.21                      | -                                  | -                                        | 10.55                                                        | -                 | 1,052.76                           |
| Others                                                                                                                    | -                             | -                                  | -                                        | (11.81)                                                      | -                 | (11.81)                            |
| Right-of-use of Asset                                                                                                     | (854.67)                      | -                                  | -                                        | 22.63                                                        | -                 | (832.04)                           |
| Excess of depreciation on the property, plant and equipment under income-tax, 1961 over depreciation under Companies Act. | (311.78)                      | -                                  | -                                        | 8.26                                                         | -                 | (303.52)                           |
|                                                                                                                           | <b>(49.98)</b>                | <b>-</b>                           | <b>-</b>                                 | <b>47.33</b>                                                 | <b>(0.90)</b>     | <b>(3.55)</b>                      |

| Particulars                                                                                                               | Balance as at<br>1 April 2020 | Recognised in<br>retained earnings | Minimum alternate<br>tax credit utilised | Recognised in<br>consolidated statement<br>of profit or loss | Recognised in OCI | Balance as at<br>31 March 2021 |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------|------------------------------------------|--------------------------------------------------------------|-------------------|--------------------------------|
| Provision for impairment on receivables                                                                                   | 24.35                         | -                                  | -                                        | 4.98                                                         | -                 | 29.33                          |
| Provision for employee benefits                                                                                           | 19.13                         | -                                  | -                                        | 3.27                                                         | (3.10)            | 19.29                          |
| Provision for bonus                                                                                                       | 22.91                         | -                                  | -                                        | 2.31                                                         | -                 | 25.22                          |
| Unabsorbed depreciation losses carried forward                                                                            | 7.87                          | -                                  | -                                        | 4.33                                                         | -                 | 12.20                          |
| Lease liabilities                                                                                                         | 1,042.21                      | -                                  | -                                        | 95.83                                                        | -                 | 1,138.04                       |
| Others                                                                                                                    | -                             | -                                  | -                                        | 3.35                                                         | -                 | 3.35                           |
| Right-of-use of Asset                                                                                                     | (854.67)                      | -                                  | -                                        | (47.17)                                                      | -                 | (901.84)                       |
| Excess of depreciation on the property, plant and equipment under income-tax, 1961 over depreciation under Companies Act. | (311.78)                      | -                                  | -                                        | 14.07                                                        | -                 | (297.71)                       |
|                                                                                                                           | <b>(49.98)</b>                | <b>-</b>                           | <b>-</b>                                 | <b>77.84</b>                                                 | <b>(3.10)</b>     | <b>27.88</b>                   |

## 2.29 Tax expenses, net (continued)

| Particulars                                                                                                               | Balance as at<br>1 April 2019 | Recognised in<br>retained earnings | Minimum alternate<br>tax credit utilised | Recognised in<br>consolidated statement<br>of profit or loss | Recognised in OCI | Balance as at<br>31 March 2020 |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------|------------------------------------------|--------------------------------------------------------------|-------------------|--------------------------------|
| Provision for impairment on receivables                                                                                   | 16.13                         | -                                  | -                                        | 8.22                                                         | -                 | 24.35                          |
| Provision for employee benefits                                                                                           | 21.73                         | -                                  | -                                        | (3.04)                                                       | 0.44              | 19.13                          |
| Provision for bonus                                                                                                       | 29.51                         | -                                  | -                                        | (6.60)                                                       | -                 | 22.91                          |
| Unabsorbed depreciation losses carried forward                                                                            | -                             | -                                  | -                                        | 7.87                                                         | -                 | 7.87                           |
| Lease liabilities                                                                                                         | 1,377.22                      | (1,235.17)                         | -                                        | 900.16                                                       | -                 | 1,042.21                       |
| Others                                                                                                                    | -                             | -                                  | -                                        | -                                                            | -                 | -                              |
| Minimum alternate tax credit entitlement*                                                                                 | 168.76                        | -                                  | (229.60)                                 | 60.84                                                        | -                 | -                              |
| Right-of-use of Asset                                                                                                     | (1,180.14)                    | 1,180.14                           | -                                        | (854.67)                                                     | -                 | (854.67)                       |
| Excess of depreciation on the property, plant and equipment under income-tax, 1961 over depreciation under Companies Act. | (253.12)                      | -                                  | -                                        | (58.66)                                                      | -                 | (311.78)                       |
|                                                                                                                           | <b>180.09</b>                 | <b>(55.03)</b>                     | <b>(229.60)</b>                          | <b>54.12</b>                                                 | <b>0.44</b>       | <b>(49.98)</b>                 |

\*Minimum alternate tax credit entitlement recognised in the consolidated statement of profit and loss of Rs.60.84 million represents credit for earlier years.

| Particulars                                                                                                                    | Balance as at<br>1 April 2018 | Recognised in<br>retained earnings | Minimum alternate<br>tax credit utilised | Recognised in<br>consolidated statement<br>of profit or loss | Recognised in OCI<br>during the year | Balance as at<br>31 March 2019 |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------|------------------------------------------|--------------------------------------------------------------|--------------------------------------|--------------------------------|
| Provision for impairment on receivables                                                                                        | 6.76                          | -                                  | -                                        | 9.37                                                         | -                                    | 16.13                          |
| Provision for employee benefits                                                                                                | 19.49                         | -                                  | -                                        | 2.24                                                         | 1.98                                 | 21.73                          |
| Provision for bonus                                                                                                            | 2.68                          | -                                  | -                                        | 26.83                                                        | -                                    | 29.51                          |
| Lease liabilities                                                                                                              | -                             | 1,156.01                           | -                                        | 221.21                                                       | -                                    | 1,377.22                       |
| Unabsorbed depreciation losses carried forward                                                                                 | 18.53                         | -                                  | -                                        | (18.53)                                                      | -                                    | -                              |
| Minimum alternate tax credit entitlement                                                                                       | -                             | -                                  | -                                        | 168.76                                                       | -                                    | 168.76                         |
| Right-of-use of assets                                                                                                         | -                             | (1,026.45)                         | -                                        | (153.69)                                                     | -                                    | (1,180.14)                     |
| Excess of depreciation on the property, plant and equipment under income-tax, 1961 over depreciation under Companies Act, 2013 | (47.49)                       | -                                  | -                                        | (205.63)                                                     | -                                    | (253.12)                       |
|                                                                                                                                | <b>(0.03)</b>                 | <b>129.56</b>                      | <b>-</b>                                 | <b>50.56</b>                                                 | <b>1.98</b>                          | <b>180.09</b>                  |

The Group had utilised the remaining available unabsorbed losses and MAT credit during the year ended 31 March 2019

A subsidiary has recognised deferred tax assets on account of unabsorbed depreciation and carry forward losses to the extent of deferred tax liabilities because it's not probable that future taxable profit will be available against which the subsidiary can use the benefit thereon.

## 2.30 Contingent liabilities and commitments

## A) Contingent liabilities

## (i) Demands under dispute

- Income-tax matters under dispute

- Value added tax, central sales tax and service tax demand under dispute

- Luxury tax demand under dispute

(ii) Claims against the Group not acknowledged as debt

|                                                                           | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| - Income-tax matters under dispute                                        | -                          | -                          | 19.99                  | 9.20                   | 2.78                   |
| - Value added tax, central sales tax and service tax demand under dispute | 32.03                      | 13.04                      | 27.17                  | 3.92                   | 5.95                   |
| - Luxury tax demand under dispute                                         | 18.55                      | 18.55                      | 18.55                  | 18.55                  | 18.55                  |
| (ii) Claims against the Group not acknowledged as debt                    | 99.71                      | 94.17                      | 99.17                  | 94.17                  | 71.16                  |

iii) In February 2019, the Honorable Supreme Court of India vide its judgement, clarified the definition and scope of 'Basic Wages' under the Employees' Provident Funds & Miscellaneous Provision Act, 1952. The judgement is silent on the retrospective application and in the absence of any guidelines by the regulatory authorities and considering the practical difficulties, no effect is given for the earlier periods as the same is currently not determinable.

The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before tax authorities and including matters mentioned above. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the claimants or the Group, as the case may be, and therefore cannot be predicted accurately. The Group engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. The Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision is required.

## B) Capital commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).

|                                                                                                                     | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| - Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances). | 124.43                     | 30.91                      | 5.61                   | 296.70                 | 188.55                 |

2.31(a) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

2.31(b) There were no amounts which were required to be transferred to Investor Education Protection Fund by the Group.

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**2.32 Employee benefit plans**

The employee benefit schemes are as under:

**(a) Defined contribution benefit plans**

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund and Employee state insurance (ESI), which is a defined contribution plan. The contribution is charged to the Statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to Provident fund and ESI for the six months period ended 30 September 2021 amounts to Rs. 17.25 million and Rs. 3.76 million respectively (30 September 2020: Rs. 18.86 million and Rs. 4.86 million respectively, 31 March 2021: Rs. 38.44 million and Rs. 9.76 million respectively, 31 March 2020: Rs. 37.74 million and Rs. 11.66 million respectively, 31 March 2019: Rs. 34.76 million and Rs. 14.46 million respectively).

**(b) Defined benefit plans**

The Group provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days' salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of Rs. 2.00 million.

The following table sets out the status of the unfunded gratuity plan as required under Ind AS 19 "Employee Benefits"

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation:**

|                                                         | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| Opening defined benefit obligation                      | 57.39                      | 51.01                      | 51.01                  | 39.54                  | 33.58                  |
| Current service cost                                    | 8.89                       | 8.61                       | 17.56                  | 14.44                  | 11.77                  |
| Interest cost                                           | 1.92                       | 1.74                       | 3.44                   | 2.99                   | 2.58                   |
| Actuarial (gain)/loss                                   | (5.74)                     | (3.59)                     | (12.54)                | 1.27                   | (5.66)                 |
| Benefits paid                                           | (3.62)                     | (1.05)                     | (2.08)                 | (7.23)                 | (2.73)                 |
| <b>Benefit obligation at the end of the period/year</b> | <b>58.84</b>               | <b>56.72</b>               | <b>57.39</b>           | <b>51.01</b>           | <b>39.54</b>           |
| Provisions (current) (Refer note 2.19)                  | 2.41                       | 1.70                       | 2.20                   | 1.72                   | 1.91                   |
| Provisions (non-current) (Refer note 2.15)              | 56.43                      | 55.02                      | 55.19                  | 49.29                  | 37.63                  |

**Gratuity expense recognised in the statement of profit and loss**

|                                                         | For the six<br>months period ended<br>30 September 2021 | For the six<br>months period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| Current service cost                                    | 8.89                                                    | 8.61                                                    | 17.56                                  | 14.44                                  | 11.77                                  |
| Interest on defined benefit obligation                  | 1.92                                                    | 1.74                                                    | 3.44                                   | 2.99                                   | 2.58                                   |
| Net actuarial (gain)/loss recognised in the period/year | (5.74)                                                  | (3.59)                                                  | (12.54)                                | 1.27                                   | (5.66)                                 |
| <b>Net gratuity expenses</b>                            | <b>5.07</b>                                             | <b>6.76</b>                                             | <b>8.46</b>                            | <b>18.70</b>                           | <b>8.69</b>                            |

**Re-measurements recognised in other comprehensive income**

|                                                                       | For the six<br>period months ended<br>30 September 2021 | For the six<br>period months ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|-----------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| Actuarial (gain)/loss on defined benefit obligation                   | (5.74)                                                  | (3.59)                                                  | (12.54)                                | 1.27                                   | (5.66)                                 |
| Return on plan assets excluding interest income                       | -                                                       | -                                                       | -                                      | -                                      | -                                      |
| <b>Actuarial (gain)/loss recognised in other comprehensive income</b> | <b>(5.74)</b>                                           | <b>(3.59)</b>                                           | <b>(12.54)</b>                         | <b>1.27</b>                            | <b>(5.66)</b>                          |

**Summary of actuarial assumptions**

Financial assumptions at balance sheet date:

|                        | For the six<br>months period ended<br>30 September 2021 | For the six<br>months period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| Discount rate          | 6.80% p.a                                               | 6.85% p.a                                               | 6.85% p.a                              | 6.85% p.a                              | 7.65% p.a                              |
| Salary escalation rate | 8% p.a                                                  | 8% p.a                                                  | 8% p.a                                 | 8% p.a                                 | 8% p.a                                 |
| Attrition rate         |                                                         |                                                         |                                        |                                        |                                        |
| Age 21 to 30           | 10% p.a                                                 | 10% p.a                                                 | 10% p.a                                | 10% p.a                                | 10% p.a                                |
| Age 31 to 40           | 5% p.a                                                  | 5% p.a                                                  | 5% p.a                                 | 5% p.a                                 | 5% p.a                                 |
| Age 41 to 50           | 3% p.a                                                  | 3% p.a                                                  | 3% p.a                                 | 3% p.a                                 | 3% p.a                                 |
| 51 and above           | 2% p.a                                                  | 2% p.a                                                  | 2% p.a                                 | 2% p.a                                 | 2% p.a                                 |
| Retirement Age         | 58 years                                                | 58 years                                                | 58 years                               | 58 years                               | 58 years                               |

**Maturity profile of defined benefit obligation**

|                        | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| 1st following year     | 2.41                       | 1.70                       | 2.20                   | 1.72                   | 1.91                   |
| Year 2 to 5            | 11.33                      | 10.58                      | 11.00                  | 9.71                   | 8.27                   |
| Year 6 to 9            | 13.99                      | 12.80                      | 13.34                  | 11.96                  | 9.79                   |
| For 10 years and above | 146.06                     | 140.51                     | 145.13                 | 134.94                 | 117.74                 |

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**Sensitivity analysis:** Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected the defined benefit obligation by the amounts shown below:

|                                          | As at 30 September 2021 |          | As at 30 September 2020 |          | As at 31 March 2021 |          |
|------------------------------------------|-------------------------|----------|-------------------------|----------|---------------------|----------|
|                                          | Increase                | Decrease | Increase                | Decrease | Increase            | Decrease |
| Discount rate (50 bps movement)          | 53.60                   | 61.10    | 53.03                   | 60.78    | 53.20               | 60.70    |
| Salary escalation rate (50 bps movement) | 60.93                   | 53.70    | 60.63                   | 53.13    | 60.50               | 53.20    |
|                                          | As at 31 March 2020     |          | As at 31 March 2019     |          |                     |          |
|                                          | Increase                | Decrease | Increase                | Decrease |                     |          |
| Discount rate (50 bps movement)          | 47.69                   | 54.58    | 37.10                   | 42.20    |                     |          |
| Salary escalation rate (50 bps movement) | 54.50                   | 47.74    | 42.30                   | 37.20    |                     |          |

**Expected contributions to the plan for the next annual reporting period**

Expected contribution to post-employment benefit plans for the next year ending 30 September 2022 is Rs. 2.41 millions (30 September 2021: Rs. 2.61 millions, 31 March 2021: Rs. 2.20 millions, 31 March 2021 - Rs. 2.16 millions, 31 March 2019 - Rs. 1.72 millions)

The weighted average duration of the defined benefit obligation is 13.09 years (30 September 2020: 13.57 years, 31 March 2021: 13.18 years, 31 March 2020: 13.60 years, 31 March 2019: 13.10 years)

## 2.33 Related parties

## a) Names of the related parties and description of relationship:

## Key managerial personnel (KMP)

Dr. Ramesh Kancharla, Chairman and Managing Director  
 Dr. Dinesh Kumar Chirla, Whole-Time Director  
 Mr. Anil Dhawan, Independent Director (appointed w.e.f 30 August 2018)  
 Mr. Santanu Mukherjee, Independent Director (appointed w.e.f 22 October 2021)  
 Ms. Sundari Raviprasad Pisupati, Independent Director (appointed w.e.f 16 September 2021)  
 Mr. Aluri Srinivasa Rao, Independent Director (appointed w.e.f 15 March 2019)  
 Mr. R. Gowrisankar, Chief Financial Officer (appointed w.e.f 14 June 2019)  
 Mr. Pawan Kumar Mittal, Company Secretary (resigned w.e.f 31 March 2021)  
 Ms. Pratusha Channamalla, Company Secretary (appointed w.e.f 01 September 2021, resigned w.e.f 22 October 2021)  
 Mr. Ashish Kapil, Company Secretary (appointed w.e.f 22 October 2021)  
 Mr. Yugandhar Meka, Independent director (resigned w.e.f 16 September 2021)  
 Mr. K.B.R Menon, Independent Director (resigned w.e.f 15 March 2019)  
 Mrs. Ranjana Kumar, Independent Director (resigned w.e.f 15 March 2019)

## Relative of key managerial personnel

Mrs. Padma Kancharla, wife of Dr. Ramesh Kancharla  
 Dr. Adarsh Kancharla, son of Dr. Ramesh Kancharla  
 Mr. Ramadhara Naidu Kancharla, brother of Dr. Ramesh Kancharla

## Enterprise exercising significant influence on the Group

CDC Group Plc  
 CDC India Opportunities Limited  
 CDC Emerging Markets Limited

## Enterprises where key managerial personnel along with their relatives exercise significant influence

Ravindranath GE Medical Associates Private Limited  
 Rainbow Children's Foundation (Trust)  
 Sesha Sarojini Medical Infra Private Limited

## (b) Following is the summary of significant related party transactions during the period / year:

|                                                                                                        | For the six<br>months period ended<br>30 September 2021 | For the six<br>months period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>Revenue from professional services rendered</b>                                                     |                                                         |                                                         |                                        |                                        |                                        |
| - Ravindranath GE Medical Associates Private Limited                                                   | 0.00                                                    | 0.10                                                    | 0.10                                   | 0.02                                   | 0.02                                   |
| - Rainbow Children's Foundation (Trust)                                                                | 0.50                                                    | 2.15                                                    | 3.14                                   | 0.72                                   | 2.90                                   |
| <b>Professional services received</b>                                                                  |                                                         |                                                         |                                        |                                        |                                        |
| - Ravindranath GE Medical Associates Private Limited                                                   | 3.27                                                    | 0.74                                                    | 1.42                                   | 1.90                                   | 1.48                                   |
| <b>Professional charges paid</b>                                                                       |                                                         |                                                         |                                        |                                        |                                        |
| - Dr. Dinesh Kumar Chirla                                                                              | 9.77                                                    | 6.56                                                    | 13.59                                  | 19.20                                  | 16.42                                  |
| - Mr. Ramadhara Naidu Kancharla                                                                        | 1.35                                                    | 0.83                                                    | 1.88                                   | 4.74                                   | 5.48                                   |
| <b>Expenses incurred on behalf of related parties</b>                                                  |                                                         |                                                         |                                        |                                        |                                        |
| - Mr. Ramadhara Naidu Kancharla                                                                        | -                                                       | 0.07                                                    | 0.14                                   | 0.15                                   | 0.20                                   |
| <b>Rent paid to KMP</b>                                                                                |                                                         |                                                         |                                        |                                        |                                        |
| - Dr. Ramesh Kancharla                                                                                 | -                                                       | -                                                       | -                                      | -                                      | 1.20                                   |
| <b>Remuneration including variable fee to KMP<sup>^</sup></b>                                          |                                                         |                                                         |                                        |                                        |                                        |
| - Dr. Ramesh Kancharla                                                                                 | 30.98                                                   | 21.52                                                   | 78.07                                  | 71.92                                  | 69.88                                  |
| - Dr. Dinesh Kumar Chirla                                                                              | 7.20                                                    | 5.20                                                    | 11.20                                  | 12.00                                  | 12.15                                  |
| - Mr. R. Gowrisankar                                                                                   | 4.53                                                    | 2.63                                                    | 6.43                                   | 5.08                                   | -                                      |
| - Mr. Pawan Kumar Mittal                                                                               | -                                                       | 0.86                                                    | 1.86                                   | 2.10                                   | -                                      |
| - Ms. Pratusha Channamalla                                                                             | 0.05                                                    | -                                                       | -                                      | -                                      | -                                      |
| <b>Commission to Independent Directors</b>                                                             |                                                         |                                                         |                                        |                                        |                                        |
| - Mr. Yugandhar Meka                                                                                   | 0.60                                                    | 0.60                                                    | 0.60                                   | 0.60                                   | 0.60                                   |
| - Mr. Aluri Srinivasa Rao                                                                              | 0.60                                                    | 0.60                                                    | 0.60                                   | 0.60                                   | -                                      |
| - Mr. Anil Dhawan                                                                                      | 0.60                                                    | 0.60                                                    | 0.60                                   | 0.35                                   | -                                      |
| - Mr. K.B.R Menon                                                                                      | -                                                       | -                                                       | -                                      | -                                      | 0.60                                   |
| - Mrs. Ranjana Kumar                                                                                   | -                                                       | -                                                       | -                                      | -                                      | 0.60                                   |
| <b>Sitting fees paid to Independent Directors</b>                                                      |                                                         |                                                         |                                        |                                        |                                        |
| - Mr. Yugandhar Meka                                                                                   | 0.10                                                    | 0.05                                                    | 0.20                                   | 0.18                                   | 0.20                                   |
| - Mr. Anil Dhawan                                                                                      | 0.08                                                    | 0.03                                                    | 0.10                                   | 0.08                                   | 0.05                                   |
| - Mr. Aluri Srinivasa Rao                                                                              | 0.10                                                    | 0.05                                                    | 0.15                                   | 0.10                                   | -                                      |
| - Mr. K.B.R Menon                                                                                      | -                                                       | -                                                       | -                                      | -                                      | 0.23                                   |
| - Mrs. Ranjana Kumar                                                                                   | -                                                       | -                                                       | -                                      | -                                      | 0.13                                   |
| <b>Leave Travel Allowance to KMP</b>                                                                   |                                                         |                                                         |                                        |                                        |                                        |
| - Dr. Ramesh Kancharla                                                                                 | -                                                       | -                                                       | -                                      | 1.00                                   | -                                      |
| - Dr. Dinesh Kumar Chirla                                                                              | -                                                       | -                                                       | -                                      | -                                      | 0.24                                   |
| <b>Expenditure incurred on behalf of KMP</b>                                                           |                                                         |                                                         |                                        |                                        |                                        |
| - Dr. Ramesh Kancharla                                                                                 | 0.01                                                    | 0.30                                                    | 0.34                                   | 0.36                                   | -                                      |
| <b>Civil works</b>                                                                                     |                                                         |                                                         |                                        |                                        |                                        |
| - Sesha Sarojini Medical Infra Private Limited                                                         | 1.22                                                    | -                                                       | 35.12                                  | 38.59                                  | 75.90                                  |
| <b>Purchase of equity shares in Unimed Healthcare Private Limited</b>                                  |                                                         |                                                         |                                        |                                        |                                        |
| - Dr. Adarsh Kancharla                                                                                 | -                                                       | -                                                       | 80.00                                  | -                                      | -                                      |
| <b>Sale of investment - equity shares of Unimed Healthcare Private Limited</b>                         |                                                         |                                                         |                                        |                                        |                                        |
| - Mrs. Padma Kancharla                                                                                 | 80.00                                                   | -                                                       | -                                      | -                                      | -                                      |
| - Gain on sale of equity                                                                               | 8.20                                                    | -                                                       | -                                      | -                                      | -                                      |
| <b>Issue of 9.50% redeemable non-convertible debentures</b>                                            |                                                         |                                                         |                                        |                                        |                                        |
| - CDC Emerging Markets Limited                                                                         | -                                                       | -                                                       | -                                      | -                                      | 400.00                                 |
| <b>Redemption of 9.50% redeemable non-convertible debentures</b>                                       |                                                         |                                                         |                                        |                                        |                                        |
| - CDC Emerging Markets Limited                                                                         | 50.00                                                   | 50.00                                                   | 50.00                                  | -                                      | -                                      |
| <b>Interest on 9.50% redeemable non-convertible debentures</b>                                         |                                                         |                                                         |                                        |                                        |                                        |
| - CDC Emerging Markets Limited                                                                         | 20.70                                                   | 20.24                                                   | 44.47                                  | 47.57                                  | 22.91                                  |
| <b>Dividend paid during the period / year to KMP and relative of KMP</b>                               |                                                         |                                                         |                                        |                                        |                                        |
| - Dr. Ramesh Kancharla                                                                                 | 40.03                                                   | -                                                       | -                                      | 60.04                                  | 20.01                                  |
| - Dr. Dinesh Kumar Chirla                                                                              | 9.60                                                    | -                                                       | -                                      | 14.40                                  | 4.80                                   |
| - Mrs. Padma Kancharla                                                                                 | 3.60                                                    | -                                                       | -                                      | 5.40                                   | 1.80                                   |
| - Dr. Adarsh Kancharla                                                                                 | 4.62                                                    | -                                                       | -                                      | 6.94                                   | 2.31                                   |
| <b>Dividend paid (on equity share capital and Series A compulsorily convertible preference shares)</b> |                                                         |                                                         |                                        |                                        |                                        |
| - CDC Group Plc                                                                                        | 19.27                                                   | -                                                       | -                                      | 28.86                                  | 9.63                                   |
| <b>Dividend paid (on equity share capital and Series B compulsorily convertible preference shares)</b> |                                                         |                                                         |                                        |                                        |                                        |
| - CDC India Opportunities Limited                                                                      | 10.07                                                   | -                                                       | -                                      | 15.10                                  | 5.03                                   |

<sup>^</sup>The KMP's are covered by the Group's gratuity policy and are eligible for compensated absences along with other employees of the Group. The proportionate amount of gratuity and compensated absences cost pertaining to the KMP has not been included in the aforementioned disclosures as these are not determined on an individual basis.

2.33 Related parties (continued)

c) The Group has the following amounts due from/ to the related parties:

|                                                                                                                     | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>Trade payables</b>                                                                                               |                            |                            |                        |                        |                        |
| - Ravindranath GE Medical Associates Private Limited                                                                | 0.50                       | 0.30                       | 0.28                   | 0.54                   | 0.72                   |
| <b>Trade receivables</b>                                                                                            |                            |                            |                        |                        |                        |
| - Ravindranath GE Medical Associates Private Limited                                                                | -                          | 0.11                       | -                      | -                      | -                      |
| - Rainbow Children's Foundation (Trust)                                                                             | 0.24                       | 0.08                       | -                      | -                      | -                      |
| <b>Capital advance</b>                                                                                              |                            |                            |                        |                        |                        |
| - Mr. Ramadhara Naidu Kancharla                                                                                     | -                          | -                          | -                      | -                      | 0.59                   |
| <b>Reimbursement of expenditure</b>                                                                                 |                            |                            |                        |                        |                        |
| - Mr. Ramadhara Naidu Kancharla                                                                                     | -                          | 0.05                       | 0.01                   | 0.01                   | -                      |
| <b>Capital creditors</b>                                                                                            |                            |                            |                        |                        |                        |
| - Sesha Sarojini Medical Infra Private Limited                                                                      | 2.63                       | 1.86                       | 22.08                  | 4.79                   | 5.40                   |
| <b>Borrowings (non-current)</b><br>(before adjustments of transaction costs incurred as required as per Ind AS 109) |                            |                            |                        |                        |                        |
| - CDC Emerging Markets Limited                                                                                      | 400.00                     | 450.00                     | 450.00                 | 500.00                 | 500.00                 |
| <b>Interest accrued but not due on borrowings</b>                                                                   |                            |                            |                        |                        |                        |
| - CDC Emerging Markets Limited                                                                                      | 20.24                      | 20.24                      | 20.84                  | 23.23                  | 21.90                  |
| <b>Remuneration payable to KMP</b>                                                                                  |                            |                            |                        |                        |                        |
| - Dr. Ramesh Kancharla                                                                                              | 11.67                      | 16.14                      | 29.58                  | 32.00                  | 21.00                  |
| - Dr. Dinesh Kumar Chirla                                                                                           | -                          | 0.80                       | 0.80                   | -                      | -                      |
| <b>Professional fee payable to KMP</b>                                                                              |                            |                            |                        |                        |                        |
| - Dr. Dinesh Kumar Chirla                                                                                           | 2.49                       | 1.40                       | 1.18                   | 1.35                   | 1.38                   |

d) Disclosure pre elimination of intra-group transactions - Transactions within the Group: (these transactions got eliminated in Restated Consolidated Financial Information)\*

|                                                                      | For the six<br>months period ended<br>30 September 2021 | For the six<br>months period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|----------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>Transactions by the Parent Company with other Group entities:</b> |                                                         |                                                         |                                        |                                        |                                        |
| <b>Revenue from pharmacy sales</b>                                   |                                                         |                                                         |                                        |                                        |                                        |
| - Rainbow Speciality Hospitals Private Limited                       | 1.54                                                    | 5.93                                                    | 8.10                                   | 10.46                                  | -                                      |
| - Rosewalk Healthcare Private Limited                                | 7.61                                                    | 6.42                                                    | 12.19                                  | 3.62                                   | -                                      |
| <b>Other Operating Income</b>                                        |                                                         |                                                         |                                        |                                        |                                        |
| - Rainbow Speciality Hospitals Private Limited                       | 0.70                                                    | 2.10                                                    | 4.20                                   | 2.50                                   | -                                      |
| - Rosewalk Healthcare Private Limited                                | 2.23                                                    | 1.38                                                    | 3.11                                   | 1.40                                   | -                                      |
| <b>Medical consumables and pharmacy items</b>                        |                                                         |                                                         |                                        |                                        |                                        |
| - Rainbow Speciality Hospitals Private Limited                       | 1.10                                                    | 1.46                                                    | 3.85                                   | 2.19                                   | -                                      |
| - Rosewalk Healthcare Private Limited                                | 0.08                                                    | 0.11                                                    | 0.14                                   | 0.64                                   | -                                      |
| <b>Interest income on inter-corporate deposit</b>                    |                                                         |                                                         |                                        |                                        |                                        |
| - Rainbow Children's Hospital Private Limited                        | 0.00                                                    | -                                                       | -                                      | 0.01                                   | 0.01                                   |
| - Rainbow Women & Children's Hospital Private Limited                | 0.02                                                    | 0.01                                                    | 0.03                                   | 0.18                                   | 0.19                                   |
| - Rainbow Speciality Hospitals Private Limited                       | 2.36                                                    | 3.16                                                    | 5.60                                   | 8.90                                   | 0.87                                   |
| - Rosewalk Healthcare Private Limited                                | 10.64                                                   | 9.74                                                    | 20.25                                  | 14.27                                  | 1.15                                   |
| - Rainbow Fertility Private Limited                                  | 0.05                                                    | 0.03                                                    | 0.06                                   | 0.02                                   | -                                      |
| - Rainbow C R O Private Limited                                      | 0.00                                                    | 0.00                                                    | 0.01                                   | -                                      | -                                      |
| <b>Investment in equity share capital</b>                            |                                                         |                                                         |                                        |                                        |                                        |
| - Rainbow Speciality Hospitals Private Limited                       | -                                                       | -                                                       | 16.46                                  | 136.90                                 | -                                      |
| - Rainbow Fertility Private Limited                                  | -                                                       | -                                                       | -                                      | 45.00                                  | -                                      |
| - Rainbow C R O Private Limited                                      | -                                                       | -                                                       | -                                      | 0.10                                   | -                                      |
| <b>Inter-corporate deposits placed</b>                               |                                                         |                                                         |                                        |                                        |                                        |
| - Rainbow Children's Hospital Private Limited                        | 0.02                                                    | -                                                       | -                                      | 0.03                                   | 0.03                                   |
| - Rainbow Women & Children's Hospital Private Limited                | 0.02                                                    | 0.49                                                    | 0.49                                   | -                                      | -                                      |
| - Rainbow Speciality Hospitals Private Limited                       | -                                                       | -                                                       | -                                      | 130.12                                 | 92.42                                  |
| - Rosewalk Healthcare Private Limited                                | 26.80                                                   | 25.11                                                   | 60.50                                  | 117.17                                 | 92.48                                  |
| - Rainbow Fertility Private Limited                                  | 0.82                                                    | -                                                       | -                                      | 0.68                                   | -                                      |
| - Rainbow C R O Private Limited                                      | -                                                       | -                                                       | -                                      | 0.10                                   | -                                      |

## 2.33 Related parties (continued)

## d) Disclosure pre elimination of intra-group transactions - Transactions within the Group: (these transactions got eliminated in Restated Consolidated Financial Information)\*

|                                                                                | For the six<br>months period ended<br>30 September 2021 | For the six<br>months period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|--------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>Inter-corporate deposit realised</b>                                        |                                                         |                                                         |                                        |                                        |                                        |
| - Rainbow Speciality Hospitals Private Limited                                 | 51.45                                                   | 37.57                                                   | 39.23                                  | 131.94                                 | -                                      |
| - Rosewalk Healthcare Private Limited                                          | 27.00                                                   | 8.01                                                    | 34.44                                  | 14.76                                  | -                                      |
| <b>Inter-corporate deposit written off</b>                                     |                                                         |                                                         |                                        |                                        |                                        |
| - Rainbow Women & Children's Hospital Private Limited                          | -                                                       | -                                                       | -                                      | 2.04                                   | -                                      |
| - Rainbow Children's Hospital Private Limited                                  | -                                                       | -                                                       | -                                      | 0.14                                   | -                                      |
| <b>Interest accrued on inter-corporate deposit written off</b>                 |                                                         |                                                         |                                        |                                        |                                        |
| - Rainbow Women & Children's Hospital Private Limited                          | -                                                       | -                                                       | -                                      | 2.47                                   | -                                      |
| - Rainbow Children's Hospital Private Limited                                  | -                                                       | -                                                       | -                                      | 0.03                                   | -                                      |
| <b>Transactions by Rosewalk Healthcare Private Limited</b>                     |                                                         |                                                         |                                        |                                        |                                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                                                         |                                                         |                                        |                                        |                                        |
| Pharmacy sales                                                                 | 0.08                                                    | 0.11                                                    | 0.14                                   | 0.64                                   | -                                      |
| Pharmacy purchases                                                             | 7.61                                                    | 6.42                                                    | 12.19                                  | 3.62                                   | -                                      |
| Medical service fees                                                           | 2.23                                                    | 1.38                                                    | 3.11                                   | 1.40                                   | -                                      |
| Inter-corporate deposit taken                                                  | 26.80                                                   | 25.11                                                   | 60.50                                  | 117.17                                 | 92.48                                  |
| Inter-corporate deposit repaid                                                 | 27.00                                                   | 8.01                                                    | 34.44                                  | 14.76                                  | -                                      |
| Interest on inter-corporate deposit                                            | 10.64                                                   | 9.74                                                    | 20.25                                  | 14.27                                  | 1.15                                   |
| <b>Transactions by Rainbow Speciality Hospitals Private Limited</b>            |                                                         |                                                         |                                        |                                        |                                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                                                         |                                                         |                                        |                                        |                                        |
| Pharmacy sales                                                                 | 1.10                                                    | 1.46                                                    | 3.85                                   | 2.19                                   | -                                      |
| Pharmacy purchases                                                             | 1.54                                                    | 5.93                                                    | 8.10                                   | 10.46                                  | -                                      |
| Medical service fees                                                           | 0.70                                                    | 2.10                                                    | 4.20                                   | 2.50                                   | -                                      |
| Inter-corporate deposit taken                                                  | -                                                       | -                                                       | -                                      | 130.12                                 | 92.42                                  |
| Inter-corporate deposit repaid                                                 | 51.45                                                   | 37.57                                                   | 39.23                                  | 131.94                                 | -                                      |
| Interest on inter-corporate deposit                                            | 2.36                                                    | 3.16                                                    | 5.60                                   | 8.90                                   | 0.87                                   |
| Investment in share capital                                                    | -                                                       | -                                                       | 16.46                                  | 136.90                                 | -                                      |
| <b>Transactions by Rainbow Children's Hospital Private Limited</b>             |                                                         |                                                         |                                        |                                        |                                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                                                         |                                                         |                                        |                                        |                                        |
| Inter-corporate deposit taken                                                  | 0.02                                                    | -                                                       | -                                      | 0.03                                   | 0.03                                   |
| Interest on inter-corporate deposit                                            | 0.00                                                    | -                                                       | -                                      | 0.01                                   | 0.01                                   |
| Inter-corporate deposit written back                                           | -                                                       | -                                                       | -                                      | 0.14                                   | -                                      |
| Interest accrued on Inter-corporate deposit written back                       | -                                                       | -                                                       | -                                      | 0.03                                   | -                                      |
| <b>Transactions by Rainbow Fertility Private Limited</b>                       |                                                         |                                                         |                                        |                                        |                                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                                                         |                                                         |                                        |                                        |                                        |
| Inter-corporate deposit taken                                                  | 0.82                                                    | -                                                       | -                                      | 0.68                                   | -                                      |
| Interest on inter-corporate deposit                                            | 0.05                                                    | 0.03                                                    | 0.06                                   | 0.02                                   | -                                      |
| Investment in share capital                                                    | -                                                       | -                                                       | -                                      | 45.00                                  | -                                      |
| <b>Transactions by Rainbow C R O Private Limited</b>                           |                                                         |                                                         |                                        |                                        |                                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                                                         |                                                         |                                        |                                        |                                        |
| Inter-corporate deposit taken                                                  | -                                                       | -                                                       | -                                      | 0.10                                   | -                                      |
| Interest on inter-corporate deposit                                            | 0.00                                                    | 0.00                                                    | 0.01                                   | -                                      | -                                      |
| Investment in share capital                                                    | -                                                       | -                                                       | -                                      | 0.10                                   | -                                      |
| <b>Transactions by Rainbow Women &amp; Children's Hospital Private Limited</b> |                                                         |                                                         |                                        |                                        |                                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                                                         |                                                         |                                        |                                        |                                        |
| Inter-corporate deposit taken                                                  | 0.02                                                    | 0.49                                                    | 0.49                                   | -                                      | -                                      |
| Interest on inter-corporate deposit                                            | 0.02                                                    | 0.01                                                    | 0.03                                   | 0.18                                   | 0.19                                   |
| Inter-corporate deposit written back                                           | -                                                       | -                                                       | -                                      | 2.04                                   | -                                      |
| Interest on Inter-corporate deposit written back                               | -                                                       | -                                                       | -                                      | 2.47                                   | -                                      |

## e) Disclosure pre elimination of intra-group transactions - Amounts due (to)/ from related parties: (these transactions got eliminated in Restated Consolidated Financial Information)\*

|                                                       | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>In the Books of the Parent Company:</b>            |                            |                            |                        |                        |                        |
| <b>Trade payables</b>                                 |                            |                            |                        |                        |                        |
| - Rainbow Speciality Hospitals Private Limited        | 0.29                       | 2.80                       | 4.70                   | 2.19                   | -                      |
| - Rosewalk Healthcare Private Limited                 | 0.87                       | 0.65                       | 0.78                   | 0.64                   | -                      |
| <b>Trade receivables</b>                              |                            |                            |                        |                        |                        |
| - Rainbow Speciality Hospitals Private Limited        | 0.09                       | 1.78                       | 6.12                   | 10.46                  | -                      |
| - Rosewalk Healthcare Private Limited                 | 18.79                      | 5.44                       | 11.22                  | 3.62                   | -                      |
| <b>Non-current investments in equity shares</b>       |                            |                            |                        |                        |                        |
| - Rainbow Women & Children's Hospital Private Limited | 0.10                       | 0.10                       | 0.10                   | 0.10                   | 0.10                   |
| - Rainbow Speciality Hospitals Private Limited        | 142.51                     | 137.00                     | 153.46                 | 137.00                 | 0.10                   |
| - Rainbow Children's Hospital Private Limited         | 0.10                       | 0.10                       | 0.10                   | 0.10                   | 0.10                   |
| - Rosewalk Healthcare Private Limited                 | 12.24                      | 12.24                      | 12.24                  | 12.24                  | 12.24                  |
| - Rainbow Fertility Private Limited                   | 45.00                      | 45.00                      | 45.00                  | 45.00                  | -                      |
| - Rainbow C R O Private Limited                       | 0.10                       | 0.10                       | 0.10                   | 0.10                   | -                      |
| <b>Non-current investments in debentures</b>          |                            |                            |                        |                        |                        |
| - Rosewalk Healthcare Private Limited                 | 1.86                       | 1.86                       | 1.86                   | 1.86                   | 1.86                   |

## 2.33 Related parties (continued)

## e) Disclosure pre elimination of intra-group transactions - Amounts due (to)/ from related parties: (these transactions got eliminated in Restated Consolidated Financial Information)\*

|                                                                                | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>Inter-corporate deposits**</b>                                              |                            |                            |                        |                        |                        |
| - Rainbow Women & Children's Hospital Private Limited                          | 0.51                       | 0.49                       | 0.49                   | -                      | 2.04                   |
| - Rainbow Children's Hospital Private Limited                                  | 0.02                       | -                          | -                      | -                      | 0.11                   |
| - Rainbow Speciality Hospitals Private Limited                                 | -                          | 51.24                      | 51.45                  | 90.68                  | 92.50                  |
| - Rosewalk Healthcare Private Limited                                          | 220.75                     | 211.99                     | 220.95                 | 194.88                 | 92.48                  |
| - Rainbow Fertility Private Limited                                            | 1.50                       | 0.68                       | 0.68                   | 0.68                   | -                      |
| - Rainbow C R O Private Limited                                                | 0.10                       | 0.10                       | 0.10                   | 0.10                   | -                      |
| <b>Interest accrued on inter-corporate deposits</b>                            |                            |                            |                        |                        |                        |
| - Rainbow Women & Children's Hospital Private Limited                          | 0.06                       | 0.01                       | 0.03                   | -                      | 2.28                   |
| - Rainbow Children's Hospital Private Limited                                  | 0.00                       | -                          | -                      | -                      | -                      |
| - Rainbow Speciality Hospitals Private Limited                                 | 0.87                       | 12.95                      | 15.38                  | 9.79                   | 0.88                   |
| - Rosewalk Healthcare Private Limited                                          | 46.32                      | 25.16                      | 35.68                  | 15.43                  | 1.15                   |
| - Rainbow Fertility Private Limited                                            | 0.14                       | 0.06                       | 0.09                   | 0.02                   | -                      |
| - Rainbow C R O Private Limited                                                | 0.02                       | 0.01                       | 0.01                   | -                      | -                      |
| <b>Other Receivables</b>                                                       |                            |                            |                        |                        |                        |
| - Rainbow Speciality Hospitals Private Limited                                 | -                          | -                          | 2.30                   | -                      | -                      |
| <b>In the books of Rosewalk Healthcare Private Limited</b>                     |                            |                            |                        |                        |                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                            |                            |                        |                        |                        |
| Trade Receivables                                                              | 0.87                       | 0.65                       | 0.78                   | 0.64                   | -                      |
| Trade Payables                                                                 | 18.79                      | 5.44                       | 11.22                  | 3.62                   | -                      |
| Non current borrowings                                                         | 7.29                       | 7.29                       | 7.29                   | 7.29                   | 7.29                   |
| Inter-corporate deposits                                                       | 220.75                     | 211.99                     | 220.95                 | 194.88                 | 92.48                  |
| Interest accrued on inter-corporate deposits                                   | 46.32                      | 25.16                      | 35.68                  | 15.43                  | 1.15                   |
| <b>In the books of Rainbow Speciality Hospitals Private Limited</b>            |                            |                            |                        |                        |                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                            |                            |                        |                        |                        |
| Trade Receivables                                                              | 0.29                       | 2.80                       | 4.70                   | 2.19                   | -                      |
| Trade Payables                                                                 | 0.09                       | 1.78                       | 6.12                   | 10.46                  | -                      |
| Inter-corporate deposits                                                       | -                          | 51.24                      | 51.45                  | 90.68                  | 92.50                  |
| Interest accrued on inter-corporate deposits                                   | 0.87                       | 12.95                      | 15.38                  | 9.79                   | 0.88                   |
| Other payables                                                                 | -                          | -                          | 2.30                   | -                      | -                      |
| <b>In the books of Rainbow Children's Hospital Private Limited</b>             |                            |                            |                        |                        |                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                            |                            |                        |                        |                        |
| Inter-corporate deposits                                                       | 0.02                       | -                          | -                      | -                      | 0.11                   |
| Interest accrued on inter-corporate deposits                                   | 0.00                       | -                          | -                      | -                      | -                      |
| <b>In the books of Rainbow Fertility Private Limited</b>                       |                            |                            |                        |                        |                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                            |                            |                        |                        |                        |
| Inter-corporate deposits                                                       | 1.50                       | 0.68                       | 0.68                   | 0.68                   | -                      |
| Interest accrued on inter-corporate deposits                                   | 0.14                       | 0.06                       | 0.09                   | 0.02                   | -                      |
| <b>In the books of Rainbow C R O Private Limited</b>                           |                            |                            |                        |                        |                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                            |                            |                        |                        |                        |
| Inter-corporate deposits                                                       | 0.10                       | 0.10                       | 0.10                   | 0.10                   | -                      |
| Interest accrued on inter-corporate deposits                                   | 0.02                       | 0.01                       | 0.01                   | -                      | -                      |
| <b>In the books of Rainbow Women &amp; Children's Hospital Private Limited</b> |                            |                            |                        |                        |                        |
| <b>Rainbow Children's Medicare Limited</b>                                     |                            |                            |                        |                        |                        |
| Inter-corporate deposits                                                       | 0.51                       | 0.49                       | 0.49                   | -                      | 2.04                   |
| Interest accrued on inter-corporate deposits                                   | 0.06                       | 0.01                       | 0.03                   | -                      | 2.28                   |

\* As per Schedule VI (Para 11(I)(A)(i)(g)) of ICDR Regulations

f) All transactions with these related parties are at arm's length basis and resulting outstanding receivables and payables including financial assets and financial liabilities balances are settled in cash. None of the balances are secured. (All the amounts of transactions and balances disclosed in this note are gross and undiscounted.)

**2.34 Leases****A Transition to Ind AS 116 "Leases" w.e.f 1 April 2019:**

A new lease standard i.e., Ind AS 116 has been notified to be effective w.e.f. 1 April 2019 which provide guidelines for the accounting of the lease contracts entered in the capacity of a lessee and a lessor. For the purpose of preparation of Restated Consolidated Financial Information, the management has evaluated the impact of change in accounting policies on adoption of Ind AS 116 for the year ended 31 March 2019. Hence in these Restated Consolidated Financial Information, Ind AS 116 has been adopted with effect from April 1, 2018 following modified retrospective method (i.e. on 1 April 2018 the Group has measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and a right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application).

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases- Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group has elected not to apply the requirements of Ind AS 116 "Leases" to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term except inflation adjustment. The incremental borrowing rate of 9.5% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

**B** Following are the changes in the carrying values of right of use assets for the period/year ended 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020 and 31 March 2019:

| Particulars                                                   | Category of ROU Assets |
|---------------------------------------------------------------|------------------------|
|                                                               | <b>Buildings</b>       |
| <b>Cost as at 1 April 2018</b>                                | 3,064.06               |
| Additions                                                     | 734.53                 |
| Disposals                                                     | -                      |
| <b>Cost as at 31 March 2019 (A)</b>                           | <b>3,798.59</b>        |
| Ind AS 116 transition adjustment (Refer Annexure VI - Part A) | (233.94)               |
| <b>Cost as at 1 April 2019</b>                                | 3,564.65               |
| Additions                                                     | 209.70                 |
| Disposals                                                     | -                      |
| <b>Cost as at 31 March 2020 (C)</b>                           | <b>3,774.35</b>        |
| <b>Cost as at 1 April 2020</b>                                | 3,774.35               |
| Additions                                                     | 82.82                  |
| Disposals                                                     | (3.52)                 |
| <b>Cost as at 30 September 2020 (E)</b>                       | <b>3,853.65</b>        |
| <b>Cost as at 1 April 2020</b>                                | 3,774.35               |
| Additions                                                     | 517.27                 |
| Disposals                                                     | (73.66)                |
| <b>Cost as at 31 March 2021 (G)</b>                           | <b>4,217.96</b>        |
| <b>Cost as at 1 April 2021</b>                                | 4,217.96               |
| Additions                                                     | 429.45                 |
| Disposals                                                     | (67.89)                |
| <b>Cost as at 30 September 2021 (I)</b>                       | <b>4,579.52</b>        |
| <b>Accumulated depreciation</b>                               |                        |
| <b>Accumulated depreciation as at 1 April 2018</b>            | -                      |
| Depreciation charge for the year                              | 233.94                 |
| Disposals                                                     | -                      |
| <b>Accumulated depreciation as at 31 March 2019 (B)</b>       | <b>233.94</b>          |
| Ind AS 116 transition adjustment (Refer Annexure VI - Part B) | (233.94)               |
| <b>Accumulated depreciation as at 1 April 2019</b>            | -                      |
| Depreciation charge for the year                              | 257.87                 |
| Disposals                                                     | -                      |
| <b>Accumulated depreciation as at 31 March 2020 (D)</b>       | <b>257.87</b>          |



## 2.34 Leases (continued)

| Particulars                                                 | Category of ROU Assets |
|-------------------------------------------------------------|------------------------|
|                                                             | Buildings              |
| <b>Accumulated depreciation as at 1 April 2020</b>          | 257.87                 |
| Depreciation charge for the period                          | 133.47                 |
| Disposals                                                   | -                      |
| <b>Accumulated depreciation as at 30 September 2020 (F)</b> | <b>391.34</b>          |
| <b>Accumulated depreciation as at 1 April 2020</b>          | 257.87                 |
| Depreciation charge for the year                            | 271.14                 |
| Disposals                                                   | -                      |
| <b>Accumulated depreciation as at 31 March 2021 (H)</b>     | <b>529.01</b>          |
| <b>Accumulated depreciation as at 1 April 2021</b>          | 529.01                 |
| Depreciation charge for the period                          | 145.06                 |
| Disposals                                                   | (61.86)                |
| <b>Accumulated depreciation as at 30 September 2021 (J)</b> | <b>612.21</b>          |
| <b>Net Carrying amounts</b>                                 |                        |
| As at 30 September 2021 (I-J)                               | 3,967.31               |
| As at 31 March 2021 (G-H)                                   | 3,688.95               |
| As at 30 September 2020 (E-F)                               | 3,462.31               |
| As at 31 March 2020 (C-D)                                   | 3,516.48               |
| As at 31 March 2019 (A-B)                                   | 3,564.65               |

\*The aggregate depreciation expense for the period/year on ROU assets is included under depreciation and amortization expense in the Restated Consolidated Statement of Profit and Loss (Refer note 2.27).

The Group has certain leases for Vikramপুরi and Hebbal Hospitals for which the registration of the lease deed is pending. The Management has assessed that there would be no change in the lease terms and the delay is administrative in nature.

## C The following is the rental expense recorded for short-term leases, variable leases and low value assets.

| Particulars             | For the six months period ended 30 September 2021 | For the six months period ended 30 September 2020 | For the year ended 31 March 2021 | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|-------------------------|---------------------------------------------------|---------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|
|                         |                                                   |                                                   |                                  |                                  |                                  |
| Short- term lease       | 16.28                                             | 14.56                                             | 28.95                            | 29.08                            | 13.80                            |
| Low value assets        | -                                                 | -                                                 | -                                | -                                | -                                |
| Variable lease expenses | -                                                 | -                                                 | -                                | -                                | -                                |
| <b>Total</b>            | <b>16.28</b>                                      | <b>14.56</b>                                      | <b>28.95</b>                     | <b>29.08</b>                     | <b>13.80</b>                     |

## D Following is the movement in lease liabilities for the period/year ended 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020 and 31 March 2019:

| Particulars                                         | Lease liabilities |
|-----------------------------------------------------|-------------------|
| <b>Balance as at 1 April 2018</b>                   | 3,493.63          |
| Additions                                           | 642.98            |
| Finance cost                                        | 362.66            |
| Disposals                                           | -                 |
| Payment of lease liabilities                        | (372.71)          |
| <b>Balance as at 31 March 2019</b>                  | <b>4,126.56</b>   |
| Non-current lease liabilities                       | 4,071.44          |
| Current lease liabilities                           | 55.12             |
| <b>Balance as at 1 April 2019</b>                   | 4,126.56          |
| Ind AS 116 transition adjustment as at 1 April 2019 | 1.46              |
| <b>Restated balance as at 1 April 2019</b>          | <b>4,128.02</b>   |
| Additions                                           | 195.58            |
| Finance cost                                        | 394.98            |
| Disposals                                           | -                 |
| Payment of lease liabilities                        | (393.14)          |
| <b>Balance as at 31 March 2020</b>                  | <b>4,325.44</b>   |
| Non-current lease liabilities                       | 4,217.10          |
| Current lease liabilities                           | 108.34            |

## 2.34 Leases (continued)

| Particulars                            | Lease liabilities |
|----------------------------------------|-------------------|
| <b>Balance as at 1 April 2020</b>      | 4,325.44          |
| Additions                              | 80.57             |
| Finance cost                           | 174.36            |
| Disposals                              | (3.56)            |
| Payment of lease liabilities           | (209.57)          |
| <b>Balance as at 30 September 2020</b> | <b>4,367.24</b>   |
| Non-current lease liabilities          | 4,314.68          |
| Current lease liabilities              | 52.56             |
| <b>Balance as at 1 April 2020</b>      | 4,325.44          |
| Additions                              | 516.31            |
| Finance cost                           | 385.94            |
| Disposals                              | (77.58)           |
| Payment of lease liabilities           | (445.04)          |
| <b>Balance as at 31 March 2021</b>     | <b>4,705.07</b>   |
| Non-current lease liabilities          | 4,647.74          |
| Current lease liabilities              | 57.33             |
| <b>Balance as at 1 April 2021</b>      | 4,705.07          |
| Additions                              | 215.78            |
| Finance cost                           | 231.49            |
| Disposals                              | (15.71)           |
| Payment of lease liabilities           | (247.20)          |
| <b>Balance as at 30 September 2021</b> | <b>4,889.43</b>   |
| Non-current lease liabilities          | 4,826.46          |
| Current lease liabilities              | 62.97             |

## E The following is the cash outflow on leases during the periods/years:

| Particulars                         | For the six<br>months period ended<br>30 September 2021 | For the six<br>months period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|-------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| Payment of lease liabilities        | 247.20                                                  | 209.57                                                  | 445.04                                 | 393.14                                 | 372.71                                 |
| Short-term lease expense            | 16.28                                                   | 14.56                                                   | 28.95                                  | 29.08                                  | 13.80                                  |
| <b>Total cash outflow on leases</b> | <b>263.48</b>                                           | <b>224.13</b>                                           | <b>473.99</b>                          | <b>422.22</b>                          | <b>386.51</b>                          |

## F The table below provides details regarding the contractual maturities of lease liabilities as at period/year-end on an undiscounted basis:

| Particulars       | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| Less than 1 year  | 511.26                     | 442.21                     | 460.39                 | 408.50                 | 382.97                 |
| 1 to 5 years      | 2,224.35                   | 1,927.35                   | 2,546.56               | 1,805.20               | 1,698.83               |
| More than 5 years | 7,189.49                   | 6,861.51                   | 6,371.28               | 6,753.70               | 6,978.29               |

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**2.35 Segment reporting**

**The Group is engaged in the business of rendering medical and healthcare services.**

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) i.e. the Board of Directors. The CODM evaluates the Group's performance and allocates resources on overall basis. The Group's sole operating segment is therefore 'Medical and Healthcare Services'. Accordingly, there are no additional disclosures to be provided under Ind AS 108, other than those already provided in the restated consolidated financial information.

Further the business operation of the Group are concentrated in India, and hence, the Group is considered to operate only in one geographical segment.

**2.36 Professional and consultancy expenses includes auditors' remuneration (excluding GST)**

| Particulars               | For the six months ended<br>30 September 2021 | For the six months ended<br>30 September 2020 | For the year ended<br>31 March 2021 | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---------------------------|-----------------------------------------------|-----------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Statutory audit fees      | 2.25                                          | 1.60                                          | 3.20                                | 3.00                                | 2.50                                |
| Other services            | -                                             | -                                             | -                                   | 0.20                                | -                                   |
| Reimbursement of expenses | 0.15                                          | 0.05                                          | 0.10                                | 0.14                                | 0.07                                |
| <b>Total</b>              | <b>2.40</b>                                   | <b>1.65</b>                                   | <b>3.30</b>                         | <b>3.34</b>                         | <b>2.57</b>                         |

**2.37 Earnings per share (EPS):**

The earnings per share has been computed as under:

| Particulars                                                                                                                                                                               | For the six months ended<br>30 September 2021 | For the six months ended<br>30 September 2020 | For the year ended<br>31 March 2021 | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Profit for the period/ year (After adjusting Non-Controlling Interest) (A)                                                                                                                | 811.29                                        | 235.19                                        | 400.18                              | 557.29                              | 445.90                              |
| Less: Preference dividend for the period/ year                                                                                                                                            | 4.56                                          | -                                             | -                                   | 6.79                                | 2.23                                |
| Less: Tax on preference dividend                                                                                                                                                          | -                                             | -                                             | -                                   | 1.39                                | 0.44                                |
| Profit attributable to equity shareholders (After adjusting Non-Controlling Interest) (B)                                                                                                 | 806.73                                        | 235.19                                        | 400.18                              | 549.11                              | 443.23                              |
| <b>Shares</b>                                                                                                                                                                             |                                               |                                               |                                     |                                     |                                     |
| Number of equity shares at the beginning of the period/ year                                                                                                                              | 43,958,924                                    | 43,958,924                                    | 43,958,924                          | 43,958,924                          | 43,958,924                          |
| Total number of equity shares outstanding at the end of the periods/years                                                                                                                 | 43,958,924                                    | 43,958,924                                    | 43,958,924                          | 43,958,924                          | 43,958,924                          |
| Weighted average number of equity shares outstanding at the end of period/year – Basic                                                                                                    | 43,958,924                                    | 43,958,924                                    | 43,958,924                          | 43,958,924                          | 43,958,924                          |
| Add: Bonus shares issued subsequent to period end considered for calculation of earnings per share for current period and previous periods/years #                                        | 43,958,924                                    | 43,958,924                                    | 43,958,924                          | 43,958,924                          | 43,958,924                          |
| Add: Bonus equity shares issued to preference share holders subsequent to period end considered for calculation of earnings per share for previous periods/years #                        | 2,280,080                                     | 2,280,080                                     | 2,280,080                           | 2,280,080                           | 2,280,080                           |
| Add: Bonus element on account of Rights Issue of shares issued subsequent to period end considered for calculation of earnings per share for current period and previous periods/years ## | 1,647,033                                     | 1,647,033                                     | 1,647,033                           | 1,647,033                           | 1,647,033                           |
| <b>Number of equity shares at the end of period /year (C)</b>                                                                                                                             | <b>91,844,961</b>                             | <b>91,844,961</b>                             | <b>91,844,961</b>                   | <b>91,844,961</b>                   | <b>91,844,961</b>                   |
| Number of equity shares arising out of convertible preference shares that have dilutive effect on the EPS at the beginning of the period/year                                             | 2,280,080                                     | 2,280,080                                     | 2,280,080                           | 2,280,080                           | 2,280,080                           |
| <b>Number of convertible preference shares that have dilutive effect on the EPS at the end of periods /years (D)</b>                                                                      | <b>2,280,080</b>                              | <b>2,280,080</b>                              | <b>2,280,080</b>                    | <b>2,280,080</b>                    | <b>2,280,080</b>                    |
| <b>Weighted average number of equity shares outstanding during the period/year – Diluted EPS (E = C+D)</b>                                                                                | <b>94,125,041</b>                             | <b>94,125,041</b>                             | <b>94,125,041</b>                   | <b>94,125,041</b>                   | <b>94,125,041</b>                   |
| <b>Earnings per share*</b>                                                                                                                                                                |                                               |                                               |                                     |                                     |                                     |
| Earnings per share of par value (Rs. 10) - Basic (Rs.) (B/C)                                                                                                                              | 8.78                                          | 2.56                                          | 4.36                                | 5.98                                | 4.83                                |
| Earnings per share of par value (Rs. 10) - Diluted (Rs.) (A/E)                                                                                                                            | 8.62                                          | 2.50                                          | 4.25                                | 5.92                                | 4.74                                |

\*Not annualized for the six months period ended 30 September 2021 and 30 September 2020

# The Parent Company on 1 December 2021 has issued and allotted bonus equity shares in the ratio of 1:1 for every one equity share and every one preference share held. In line with the requirements of Ind AS 33, for the purpose of EPS calculations, bonus shares issued has been considered as if the event of bonus issue had occurred at the beginning of the earliest period presented.

## The Parent Company has issued and allotted equity shares through rights issue to an existing shareholder on 22 October 2021. The exercise price is less than the fair value of the equity shares and hence the inherent discount is similar to a bonus issue as per Ind AS 33. In line with the requirements of Ind AS 33, for the purpose of EPS calculations, the bonus element in rights issue of shares has been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented.

**2.38 Payment of dividend (including dividend on CCPS) in foreign currency :**

| Particulars                                           | For the six months period ended<br>30 September 2021 | For the six months period ended<br>30 September 2020 | For the year ended<br>31 March 2021 | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|-------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Number of non resident share holders                  | 2                                                    | 2                                                    | 2                                   | 2                                   | 2                                   |
| Number of shares held by non-resident shareholders    |                                                      |                                                      |                                     |                                     |                                     |
| - Equity shares                                       | 12,386,032                                           | 12,386,032                                           | 12,386,032                          | 12,386,032                          | 12,386,032                          |
| - Series A CCPS                                       | 1,146,771                                            | 1,146,771                                            | 1,146,771                           | 1,146,771                           | 1,146,771                           |
| - Series B CCPS                                       | 1,133,309                                            | 1,133,309                                            | 1,133,309                           | 1,133,309                           | 1,133,309                           |
| Amount remitted during the year (amount in millions)* |                                                      |                                                      |                                     |                                     |                                     |
| - Equity shares                                       | 16.97                                                | -                                                    | -                                   | 25.46                               | 8.49                                |
| - Series A CCPS                                       | 2.29                                                 | -                                                    | -                                   | 3.40                                | 1.14                                |

\* The dividend payment represents dividend paid on equity shares and CCPS.

**2.39 Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act')**

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 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020, 31 March 2019 has been made in the Restated Consolidated Financial Information 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 Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') is not expected to be material. The Group has not received any claim for interest from any supplier under the said MSMED Act.

| Particulars                                                                                                                                                                                                                                                                                                                       | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| (a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting period/year;                                                                                                                                                                                                 |                            |                            |                        |                        |                        |
| - Principal                                                                                                                                                                                                                                                                                                                       | 16.09                      | 9.21                       | 0.53                   | 31.43                  | -                      |
| - Interest                                                                                                                                                                                                                                                                                                                        | -                          | -                          | -                      | -                      | -                      |
| (b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day;                                                                                                         | -                          | -                          | -                      | -                      | -                      |
| (c) 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 Micro, Small and Medium Enterprises Development Act, 2006;                                                          | -                          | -                          | -                      | -                      | -                      |
| (d) the amount of interest accrued and remaining unpaid; and                                                                                                                                                                                                                                                                      | -                          | -                          | -                      | -                      | -                      |
| (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | -                          | -                          | -                      | -                      | -                      |

This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Group.

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 2.42.

**2.40 Corporate social responsibility**

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Parent Company. The proposed areas for CSR activities, as per the CSR policy of the Parent Company are promotion of education and sports, rural development activities, medical facilities, and ensuring environmental sustainability which are specified in Schedule VII of the Companies Act, 2013.

| Particulars                                                                                                                                                                                      | For the six<br>months period ended<br>30 September 2021 | For the six<br>months period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>ii) Details of Corporate social responsibility expenditure</b>                                                                                                                                |                                                         |                                                         |                                        |                                        |                                        |
| (i) Gross amount required to be spent by the Parent Company during the period/year                                                                                                               | 8.48                                                    | 7.85                                                    | 15.70                                  | 11.17                                  | 7.47                                   |
| (ii) Amount approved by the Board to be spent during the period/year                                                                                                                             | 8.48                                                    | 7.85                                                    | 15.70                                  | 11.17                                  | 7.47                                   |
| (iii) Amount spent during the period/year (in cash)                                                                                                                                              |                                                         |                                                         |                                        |                                        |                                        |
| - construction/ acquisition of any asset                                                                                                                                                         | -                                                       | -                                                       | -                                      | -                                      | -                                      |
| - on purpose other than above                                                                                                                                                                    | -                                                       | 10.89                                                   | 15.70                                  | 6.77                                   | 3.37                                   |
| (iv) (Shortfall) / Excess at the end of the period/year                                                                                                                                          | (8.48)                                                  | 3.04                                                    | 0.00                                   | (4.40)                                 | (4.10)                                 |
| (v) Total of previous years shortfall*                                                                                                                                                           | 8.50                                                    | 5.46                                                    | 8.50                                   | 8.50                                   | 4.10                                   |
| (vi) Details of related party transactions                                                                                                                                                       | NA                                                      | NA                                                      | NA                                     | NA                                     | NA                                     |
| (vii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year/period should be shown separately | NA                                                      | NA                                                      | NA                                     | NA                                     | NA                                     |
| (viii) Reason for shortfall:                                                                                                                                                                     |                                                         |                                                         |                                        |                                        |                                        |
| For the year ending 31 March 2021: No shortfall                                                                                                                                                  |                                                         |                                                         |                                        |                                        |                                        |
| For the period ending 30 September 2021 & 30 September 2020 : Amounts are not annualized and hence not applicable                                                                                |                                                         |                                                         |                                        |                                        |                                        |
| For the year ending 31 March 2020 and 31 March 2019: The Parent Company was in the process of identifying prospective project as per schedule VII of the Companies Act, 2013                     |                                                         |                                                         |                                        |                                        |                                        |
| (ix) Nature of CSR activities:                                                                                                                                                                   |                                                         |                                                         |                                        |                                        |                                        |
| a) Promotion of education and sports                                                                                                                                                             |                                                         |                                                         |                                        |                                        |                                        |
| b) Rural development activities                                                                                                                                                                  |                                                         |                                                         |                                        |                                        |                                        |
| c) Promotion of medical facilities and                                                                                                                                                           |                                                         |                                                         |                                        |                                        |                                        |
| d) Ensuring environmental sustainability                                                                                                                                                         |                                                         |                                                         |                                        |                                        |                                        |

\* The shortfall pertains to year ended 31 March 2020 and 31 March 2019, there was no requirement to transfer the funds to a separate bank account or creating a provision for these years.

**2.41 Incidental expenditure capitalised during the construction period**

The Group has capitalised the following expenses to the cost of property, plant and equipment, as they are directly attributable to construction of the asset. Consequently amounts disclosed under the respective notes are net of amounts capitalised by the Group.

| Particulars                          | For the six<br>months period ended<br>30 September 2021 | For the six<br>months period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|--------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>Employee benefit expenses (A)</b> | -                                                       | 3.02                                                    | 4.02                                   | 8.01                                   | 29.89                                  |
| <b>Other expenses:</b>               |                                                         |                                                         |                                        |                                        |                                        |
| Rent                                 | 0.67                                                    | 4.75                                                    | 7.13                                   | 0.07                                   | 11.06                                  |
| Consultancy and project expenses     | -                                                       | 1.43                                                    | 1.97                                   | 38.80                                  | 28.00                                  |
| Travelling and conveyance            | -                                                       | 0.12                                                    | 1.37                                   | 2.47                                   | 6.21                                   |
| Power and fuel                       | -                                                       | 0.60                                                    | 0.74                                   | 0.24                                   | 4.47                                   |
| Other expenses                       | -                                                       | 1.18                                                    | 1.84                                   | 2.59                                   | 7.63                                   |
| <b>Total (B)</b>                     | <b>0.67</b>                                             | <b>8.08</b>                                             | <b>13.05</b>                           | <b>44.17</b>                           | <b>57.37</b>                           |
| <b>Finance cost (C)</b>              | -                                                       | 7.49                                                    | 11.24                                  | 14.80                                  | 14.80                                  |
| <b>Total (A+B+C)</b>                 | <b>0.67</b>                                             | <b>18.59</b>                                            | <b>28.31</b>                           | <b>66.98</b>                           | <b>102.06</b>                          |

**2.42 Financial risk management****Risk management framework**

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's management risk policy is set by the Board of Directors. The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk and market risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. A summary of the risks have been given below.

**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, and arises principally from the Group's receivables from customers and loans given. Credit risk arises from cash held with banks, as well as credit exposure to trade receivables and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counter party credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

*Trade and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in India. The Group has a process in place to monitor outstanding receivables on a monthly basis. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including government entities, insurance companies, corporates, individual and others. The default in collection as a percentage to total receivable is low.

**The Group's exposure to credit risk for trade and other receivables by category is as follows:**

| Particulars                                                         | Carrying amount            |                            |                        |                        |                        |
|---------------------------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
|                                                                     | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
| Insurance companies and Third-Party Administrator (TPA)             | 304.05                     | 208.90                     | 154.12                 | 41.56                  | 25.07                  |
| Central and state government (including public sector undertakings) | 89.02                      | 84.09                      | 78.57                  | 13.67                  | 8.07                   |
| Corporates, individual customers and others                         | 252.09                     | 369.74                     | 335.05                 | 484.89                 | 362.78                 |
| <b>Total</b>                                                        | <b>645.16</b>              | <b>662.73</b>              | <b>567.74</b>          | <b>540.12</b>          | <b>395.92</b>          |

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

**As at 30 September 2021**

| Age               | Gross carrying amount | Weighted average loss rate | Allowance for expected credit loss |
|-------------------|-----------------------|----------------------------|------------------------------------|
| Less than 30 days | 259.40                | 2.29%                      | 5.95                               |
| 31-180 days       | 213.31                | 7.34%                      | 15.66                              |
| 6 months - 1 year | 54.87                 | 9.77%                      | 5.36                               |
| 1-2 years         | 55.71                 | 100.00%                    | 55.71                              |
| 2-3 years         | 42.21                 | 100.00%                    | 42.21                              |
| More than 3 years | 19.66                 | 100.00%                    | 19.66                              |
|                   | <b>645.16</b>         |                            | <b>144.55</b>                      |

**As at 30 September 2020**

| Age               | Gross carrying amount | Weighted average loss rate | Allowance for expected credit loss |
|-------------------|-----------------------|----------------------------|------------------------------------|
| Less than 30 days | 217.75                | 2.40%                      | 5.22                               |
| 31-180 days       | 168.74                | 5.59%                      | 9.43                               |
| 6 months - 1 year | 198.16                | 18.67%                     | 37.00                              |
| 1-2 years         | 53.12                 | 100.00%                    | 53.12                              |
| 2-3 years         | 16.59                 | 100.00%                    | 16.59                              |
| More than 3 years | 8.37                  | 100.00%                    | 8.37                               |
|                   | <b>662.73</b>         |                            | <b>129.73</b>                      |

**As at 31 March 2021**

| Age               | Gross carrying amount | Weighted average loss rate | Allowance for expected credit loss |
|-------------------|-----------------------|----------------------------|------------------------------------|
| Less than 30 days | 173.98                | 2.91%                      | 5.07                               |
| 31-180 days       | 109.69                | 9.78%                      | 10.73                              |
| 6 months - 1 year | 203.74                | 15.69%                     | 31.96                              |
| 1-2 years         | 42.30                 | 100.00%                    | 42.30                              |
| 2-3 years         | 27.53                 | 100.00%                    | 27.53                              |
| More than 3 years | 10.50                 | 100.00%                    | 10.50                              |
|                   | <b>567.74</b>         |                            | <b>128.09</b>                      |

**As at 31 March 2020**

| Age               | Gross carrying amount | Weighted average loss rate | Allowance for expected credit loss |
|-------------------|-----------------------|----------------------------|------------------------------------|
| Less than 30 days | 259.43                | 3.81%                      | 9.88                               |
| 31-180 days       | 203.74                | 10.35%                     | 21.08                              |
| 6 months - 1 year | 9.67                  | 23.27%                     | 2.25                               |
| 1-2 years         | 51.65                 | 100.00%                    | 51.65                              |
| 2-3 years         | 11.01                 | 100.00%                    | 11.01                              |
| More than 3 years | 4.62                  | 100.00%                    | 4.62                               |
|                   | <b>540.12</b>         |                            | <b>100.49</b>                      |

**As at 31 March 2019**

| Age               | Gross carrying amount | Weighted average loss rate | Allowance for expected credit loss |
|-------------------|-----------------------|----------------------------|------------------------------------|
| Less than 30 days | 187.59                | 2.56%                      | 4.81                               |
| 31-180 days       | 121.66                | 5.12%                      | 6.23                               |
| 6 months - 1 year | 61.80                 | 16.65%                     | 10.29                              |
| 1-2 years         | 20.03                 | 100.00%                    | 20.03                              |
| 2-3 years         | 4.66                  | 100.00%                    | 4.66                               |
| More than 3 years | 0.18                  | 100.00%                    | 0.18                               |
|                   | <b>395.92</b>         |                            | <b>46.20</b>                       |

Management believes that the unimpaired amounts that are past due by more than six months are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

## 2.42 Financial risk management (continued)

**Movement in allowance for impairment in respect of trade receivables is as follows:**

| Particulars                                 | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| Balance at the beginning of the period/year | 128.09                     | 100.49                     | 100.49                 | 46.20                  | 19.34                  |
| Add: Expected credit loss recognised        | 16.46                      | 29.24                      | 27.60                  | 54.29                  | 26.86                  |
| Amount written-off                          | -                          | -                          | -                      | -                      | -                      |
| Net remeasurement of provision              | <b>144.55</b>              | <b>129.73</b>              | <b>128.09</b>          | <b>100.49</b>          | <b>46.20</b>           |

*Cash and bank balances, loans and other financial assets*

Cash and bank balances comprises of deposits with bank, interest accrued on deposits, and security deposits,. These deposits are held with credit worthy banks. The credit worthiness of such banks are evaluated by the Management on an ongoing basis and is considered to be good with low credit risk. Further, the Company maintains exposure in money market liquid mutual funds and loans. The Company has set counter-parties limits based on multiple factors including financial position, credit rating, etc. Loans are assessed on lifetime expected credit loss model and no impairment loss is anticipated. The Company's maximum exposure to credit risk as at 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020 and 31 March 2019 is the carrying value of each class of financial assets.

The security deposit pertains to rent deposit given to lessors. The Company does not expect any losses from non-performance by these counter-parties.

**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, that it will always have sufficient liquidity to meet its liabilities when due. The Group's Management is responsible for liquidity, funding as well as settlement Management.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The Group also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities.

**Following are the financial assets at the reporting date.**

| Particulars                                        | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|----------------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| Trade receivables                                  | 500.61                     | 533.00                     | 439.65                 | 439.63                 | 349.72                 |
| Cash and cash equivalents                          | 282.18                     | 72.36                      | 56.58                  | 66.97                  | 51.34                  |
| Bank balances other than cash and cash equivalents | 1,068.37                   | 958.72                     | 890.16                 | 905.43                 | 713.98                 |
| Investments                                        | 452.26                     | 183.51                     | 182.65                 | 99.03                  | 31.89                  |
| Other financial assets                             | 335.04                     | 389.52                     | 546.90                 | 471.38                 | 351.44                 |
| Loans                                              | 486.87                     | 202.17                     | 277.94                 | 240.86                 | 68.91                  |
| <b>Total</b>                                       | <b>3,125.33</b>            | <b>2,339.28</b>            | <b>2,393.88</b>        | <b>2,223.30</b>        | <b>1,567.28</b>        |

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted

**As at 30 September 2021**

| Particulars                        | Carrying Amount | Within 1 year   | 1-5 Years       | More than five years | Total amount     |
|------------------------------------|-----------------|-----------------|-----------------|----------------------|------------------|
| Borrowings (current & non current) | 427.28          | 154.88          | 275.00          | -                    | 429.88           |
| Trade payables                     | 641.13          | 641.13          | -               | -                    | 641.13           |
| Other financial liabilities        | 278.63          | 278.63          | -               | -                    | 278.63           |
| Lease liabilities                  | 4,889.43        | 511.26          | 2,224.35        | 7,189.49             | 9,925.10         |
| <b>Total</b>                       | <b>6,236.47</b> | <b>1,585.90</b> | <b>2,499.35</b> | <b>7,189.49</b>      | <b>11,274.74</b> |

**As at 30 September 2020**

| Particulars                        | Carrying Amount | Within 1 year   | 1-5 Years       | More than five years | Total amount     |
|------------------------------------|-----------------|-----------------|-----------------|----------------------|------------------|
| Borrowings (current & non current) | 482.54          | 77.77           | 409.64          | -                    | 487.41           |
| Trade payables                     | 492.04          | 492.04          | -               | -                    | 492.04           |
| Other financial liabilities        | 374.18          | 374.18          | -               | -                    | 374.18           |
| Lease liabilities                  | 4,367.24        | 442.21          | 1,927.35        | 6,861.51             | 9,231.07         |
| <b>Total</b>                       | <b>5,716.00</b> | <b>1,386.20</b> | <b>2,336.99</b> | <b>6,861.51</b>      | <b>10,584.70</b> |

**As at 31 March 2021**

| Particulars                        | Carrying Amount | Within 1 year   | 1-5 Years       | More than five years | Total amount     |
|------------------------------------|-----------------|-----------------|-----------------|----------------------|------------------|
| Borrowings (current & non current) | 479.67          | 74.47           | 407.85          | -                    | 482.32           |
| Trade payables                     | 537.25          | 537.25          | -               | -                    | 537.25           |
| Other financial liabilities        | 394.55          | 394.55          | -               | -                    | 394.55           |
| Lease liabilities                  | 4,705.07        | 460.39          | 2,546.56        | 6,371.28             | 9,378.23         |
| <b>Total</b>                       | <b>6,116.54</b> | <b>1,466.66</b> | <b>2,954.41</b> | <b>6,371.28</b>      | <b>10,792.35</b> |

**As at 31 March 2020**

| Particulars                        | Carrying Amount | Within 1 year   | 1-5 Years       | More than five years | Total amount     |
|------------------------------------|-----------------|-----------------|-----------------|----------------------|------------------|
| Borrowings (current & non current) | 576.80          | 118.72          | 463.91          | -                    | 582.63           |
| Trade payables                     | 581.74          | 581.74          | -               | -                    | 581.74           |
| Other financial liabilities        | 344.69          | 344.69          | -               | -                    | 344.69           |
| Lease liabilities                  | 4,325.44        | 408.50          | 1,805.20        | 6,753.70             | 8,967.40         |
| <b>Total</b>                       | <b>5,828.67</b> | <b>1,453.65</b> | <b>2,269.11</b> | <b>6,753.70</b>      | <b>10,476.46</b> |

**As at 31 March 2019**

| Particulars                        | Carrying Amount | Within 1 year   | 1-5 Years       | More than five years | Total amount     |
|------------------------------------|-----------------|-----------------|-----------------|----------------------|------------------|
| Borrowings (current & non current) | 526.42          | 29.12           | 356.99          | 150.00               | 536.11           |
| Trade payables                     | 432.35          | 432.35          | -               | -                    | 432.35           |
| Other financial liabilities        | 251.40          | 251.40          | -               | -                    | 251.40           |
| Lease liabilities                  | 4,126.56        | 382.97          | 1,698.83        | 6,978.29             | 9,060.09         |
| <b>Total</b>                       | <b>5,336.73</b> | <b>1,095.84</b> | <b>2,055.82</b> | <b>7,128.29</b>      | <b>10,279.95</b> |

**2.42 Financial risk management (continued)****Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will effect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Interest 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 interests rate. Interest rate risk primarily arises from the Group's long-term borrowings and investments with bank deposits.

The interest rate profile of the Group's interest bearing financial instruments is as follows:

| Particulars                   | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| <b>Fixed rate instruments</b> |                            |                            |                        |                        |                        |
| Financial assets              | 1,607.35                   | 1,087.28                   | 1,262.65               | 1,198.64               | 757.50                 |
| Financial liabilities         | 427.28                     | 482.54                     | 479.67                 | 576.80                 | 526.42                 |

**Sensitivity analysis****Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The majority of the Group's assets are located in India and Indian rupee being the functional currency for the Group. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to operating activities.

The Group has import of assets from Europe (EUR) and United States of America (USD) and hence is exposed to foreign exchange risk for making payment for operations. The Group's foreign currency payables and receivables are unhedged.

**Exposure to currency risk**

The summary quantitative data about the Group's gross exposure to currency risk is as follows:

| Particulars                 | Currency | As at 30 September 2021                          |                                  | As at 30 September 2020                          |                                  | As at 31 March 2021                              |                                  |
|-----------------------------|----------|--------------------------------------------------|----------------------------------|--------------------------------------------------|----------------------------------|--------------------------------------------------|----------------------------------|
|                             |          | Amount in foreign<br>currency<br>(in whole no's) | Amount in<br>functional currency | Amount in foreign<br>currency<br>(in whole no's) | Amount in<br>functional currency | Amount in foreign<br>currency<br>(in whole no's) | Amount in<br>functional currency |
| Creditors for capital goods | EUR      | 9,713                                            | 1.16                             | -                                                | -                                | 9,713                                            | 1.13                             |

| Particulars                 | Currency | As at 31 March 2020                              |                                  | As at 31 March 2019                              |                                  |
|-----------------------------|----------|--------------------------------------------------|----------------------------------|--------------------------------------------------|----------------------------------|
|                             |          | Amount in foreign<br>currency<br>(in whole no's) | Amount in<br>functional currency | Amount in foreign<br>currency<br>(in whole no's) | Amount in<br>functional currency |
| Creditors for capital goods | EUR      | 3,198                                            | 0.27                             | -                                                | -                                |
| Creditors for capital goods | USD      | -                                                | -                                | 10,600                                           | 0.74                             |

**Sensitivity analysis:**

A reasonably possible strengthening (weakening) of the INR, against USD and EUR would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasts sales and purchases.

|                          | Profit and loss |           | Equity, net of tax |           |
|--------------------------|-----------------|-----------|--------------------|-----------|
|                          | Strengthening   | Weakening | Strengthening      | Weakening |
| <b>30 September 2021</b> |                 |           |                    |           |
| EUR (5% movement)        | 0.06            | (0.06)    | 0.04               | (0.04)    |
| USD (5% movement)        | 0.26            | (0.26)    | 0.20               | (0.20)    |
| <b>30 September 2020</b> |                 |           |                    |           |
| EUR (5% movement)        | -               | -         | -                  | -         |
| USD (5% movement)        | -               | -         | -                  | -         |
| <b>31 March 2021</b>     |                 |           |                    |           |
| EUR (5% movement)        | 0.06            | (0.06)    | 0.04               | (0.04)    |
| USD (5% movement)        | -               | -         | -                  | -         |
| <b>31 March 2020</b>     |                 |           |                    |           |
| EUR (5% movement)        | 0.01            | (0.01)    | 0.01               | (0.01)    |
| USD (5% movement)        | -               | -         | -                  | -         |
| <b>31 March 2019</b>     |                 |           |                    |           |
| EUR (5% movement)        | -               | -         | -                  | -         |
| USD (5% movement)        | 0.04            | (0.04)    | 0.02               | (0.02)    |

Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Rainbow Children's Medicare Limited (formerly Rainbow Children's Medicare Private Limited)**
**Annexure VII - Notes to Restated Consolidated Financial Information**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**2.43 Capital management**

The Group's policy is to maintain a stable and strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders. The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves. Total debt include borrowings and bank overdraft.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group's adjusted debt to equity ratio is as follows:

| Particulars                 | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| Total debt                  | 427.28                     | 482.54                     | 479.67                 | 576.80                 | 526.42                 |
| Total equity                | 5,218.71                   | 4,328.98                   | 4,483.76               | 4,093.14               | 3,721.51               |
| <b>Debt to equity ratio</b> | <b>0.08</b>                | <b>0.11</b>                | <b>0.11</b>            | <b>0.14</b>            | <b>0.14</b>            |

**2.44 Financial instruments**

The fair values of financial assets and financial liabilities, together with the carrying amounts in the Balance sheet are as follows:

**As at 30 September 2021**

| Particulars                                        | Note        | Carrying values                                       |                                               |                                         |                                              | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |                       |
|----------------------------------------------------|-------------|-------------------------------------------------------|-----------------------------------------------|-----------------------------------------|----------------------------------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|-----------------------|
|                                                    |             | Measured at fair value through profit or loss account | Fair value through other comprehensive income | Other financial assets – amortised cost | Other financial liabilities - amortised cost |                                           |                                         |                                           | Total carrying amount |
| Financial assets measured at fair value            |             |                                                       |                                               |                                         |                                              |                                           |                                         |                                           |                       |
| Investments in equity instruments*                 | 2.2         | -                                                     | 0.03                                          | -                                       | -                                            | 0.03                                      | -                                       | -                                         | 0.03                  |
| Investments in mutual funds                        | 2.7         | 452.23                                                | -                                             | -                                       | -                                            | 452.23                                    | 452.23                                  | -                                         | -                     |
|                                                    |             | 452.23                                                | 0.03                                          | -                                       | -                                            | 452.26                                    | 452.23                                  | -                                         | 0.03                  |
| Financial assets at amortised cost                 |             |                                                       |                                               |                                         |                                              |                                           |                                         |                                           |                       |
| Trade receivables                                  | 2.8         | -                                                     | -                                             | 500.61                                  | -                                            | 500.61                                    | -                                       | -                                         | -                     |
| Cash and cash equivalents                          | 2.9 (a)     | -                                                     | -                                             | 282.18                                  | -                                            | 282.18                                    | -                                       | -                                         | -                     |
| Bank balances other than cash and cash equivalents | 2.9 (b)     | -                                                     | -                                             | 1,068.37                                | -                                            | 1,068.37                                  | -                                       | -                                         | -                     |
| Loans                                              | 2.1         | -                                                     | -                                             | 486.87                                  | -                                            | 486.87                                    | -                                       | -                                         | -                     |
| Other financial assets                             | 2.3         | -                                                     | -                                             | 335.04                                  | -                                            | 335.04                                    | -                                       | -                                         | -                     |
|                                                    |             | -                                                     | -                                             | 2,673.07                                | -                                            | 2,673.07                                  | -                                       | -                                         | -                     |
| Financial liabilities at amortised cost            |             |                                                       |                                               |                                         |                                              |                                           |                                         |                                           |                       |
| Borrowings                                         | 2.14 & 2.16 | -                                                     | -                                             | -                                       | 427.28                                       | 427.28                                    | -                                       | -                                         | -                     |
| Trade payables                                     | 2.17        | -                                                     | -                                             | -                                       | 641.13                                       | 641.13                                    | -                                       | -                                         | -                     |
| Other financial liabilities                        | 2.18        | -                                                     | -                                             | -                                       | 278.63                                       | 278.63                                    | -                                       | -                                         | -                     |
|                                                    |             | -                                                     | -                                             | -                                       | 1,347.04                                     | 1,347.04                                  | -                                       | -                                         | -                     |

**As at 30 September 2020**

| Particulars                                        | Note    | Carrying values                                       |                                               |                                         |                                              | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |                       |
|----------------------------------------------------|---------|-------------------------------------------------------|-----------------------------------------------|-----------------------------------------|----------------------------------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|-----------------------|
|                                                    |         | Measured at fair value through profit or loss account | Fair value through other comprehensive income | Other financial assets – amortised cost | Other financial liabilities - amortised cost |                                           |                                         |                                           | Total carrying amount |
| Financial assets measured at fair value            |         |                                                       |                                               |                                         |                                              |                                           |                                         |                                           |                       |
| Investments in equity instruments*                 | 2.2     | -                                                     | 0.03                                          | -                                       | -                                            | 0.03                                      | -                                       | -                                         | 0.03                  |
| Investments in mutual funds                        | 2.7     | 183.48                                                | -                                             | -                                       | -                                            | 183.48                                    | 183.48                                  | -                                         | -                     |
|                                                    |         | 183.48                                                | 0.03                                          | -                                       | -                                            | 183.51                                    | 183.48                                  | -                                         | 0.03                  |
| Financial assets at amortised cost                 |         |                                                       |                                               |                                         |                                              |                                           |                                         |                                           |                       |
| Trade receivables                                  | 2.8     | -                                                     | -                                             | 533.00                                  | -                                            | 533.00                                    | -                                       | -                                         | -                     |
| Cash and cash equivalents                          | 2.9 (a) | -                                                     | -                                             | 72.36                                   | -                                            | 72.36                                     | -                                       | -                                         | -                     |
| Bank balances other than cash and cash equivalents | 2.9 (b) | -                                                     | -                                             | 958.72                                  | -                                            | 958.72                                    | -                                       | -                                         | -                     |
| Loans                                              | 2.10    | -                                                     | -                                             | 202.17                                  | -                                            | 202.17                                    | -                                       | -                                         | -                     |
| Other financial assets                             | 2.3     | -                                                     | -                                             | 389.52                                  | -                                            | 389.52                                    | -                                       | -                                         | -                     |
|                                                    |         | -                                                     | -                                             | 2,155.77                                | -                                            | 2,155.77                                  | -                                       | -                                         | -                     |



**Rainbow Children's Medicare Limited (formerly Rainbow Children's Medicare Private Limited)**
**Annexure VII - Notes to Restated Consolidated Financial Information**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**2.44 Financial instruments (continued)**
**As at 30 September 2020 (continued)**

| Particulars                                    | Note        | Carrying values                                       |                                               |                                         |                                              |                       | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|------------------------------------------------|-------------|-------------------------------------------------------|-----------------------------------------------|-----------------------------------------|----------------------------------------------|-----------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|
|                                                |             | Measured at fair value through profit or loss account | Fair value through other comprehensive income | Other financial assets – amortised cost | Other financial liabilities - amortised cost | Total carrying amount |                                           |                                         |                                           |
| <b>Financial liabilities at amortised cost</b> |             |                                                       |                                               |                                         |                                              |                       |                                           |                                         |                                           |
| Borrowings                                     | 2.14 & 2.16 | -                                                     | -                                             | -                                       | 482.54                                       | 482.54                | -                                         | -                                       | -                                         |
| Trade payables                                 | 2.17        | -                                                     | -                                             | -                                       | 492.04                                       | 492.04                | -                                         | -                                       | -                                         |
| Other financial liabilities                    | 2.18        | -                                                     | -                                             | -                                       | 374.18                                       | 374.18                | -                                         | -                                       | -                                         |
|                                                |             | -                                                     | -                                             | -                                       | <b>1,348.76</b>                              | <b>1,348.76</b>       | -                                         | -                                       | -                                         |

**As at 31 March 2021**

| Particulars                                        | Note        | Carrying values                                       |                                               |                                         |                                              |                       | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|----------------------------------------------------|-------------|-------------------------------------------------------|-----------------------------------------------|-----------------------------------------|----------------------------------------------|-----------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|
|                                                    |             | Measured at fair value through profit or loss account | Fair value through other comprehensive income | Other financial assets – amortised cost | Other financial liabilities - amortised cost | Total carrying amount |                                           |                                         |                                           |
| <b>Financial assets measured at fair value</b>     |             |                                                       |                                               |                                         |                                              |                       |                                           |                                         |                                           |
| Investments in equity instruments*                 | 2.2         | 80.00                                                 | 0.03                                          | -                                       | -                                            | 80.03                 | -                                         | -                                       | 80.03                                     |
| Investments in mutual funds                        | 2.7         | 102.62                                                | -                                             | -                                       | -                                            | 102.62                | 102.62                                    | -                                       | -                                         |
|                                                    |             | <b>182.62</b>                                         | <b>0.03</b>                                   | -                                       | -                                            | <b>182.65</b>         | <b>102.62</b>                             | -                                       | <b>80.03</b>                              |
| <b>Financial assets at amortised cost</b>          |             |                                                       |                                               |                                         |                                              |                       |                                           |                                         |                                           |
| Trade receivables                                  | 2.8         | -                                                     | -                                             | 439.65                                  | -                                            | 439.65                | -                                         | -                                       | -                                         |
| Cash and cash equivalents                          | 2.9 (a)     | -                                                     | -                                             | 56.58                                   | -                                            | 56.58                 | -                                         | -                                       | -                                         |
| Bank balances other than cash and cash equivalents | 2.9 (b)     | -                                                     | -                                             | 890.16                                  | -                                            | 890.16                | -                                         | -                                       | -                                         |
| Loans                                              | 2.10        | -                                                     | -                                             | 277.94                                  | -                                            | 277.94                | -                                         | -                                       | -                                         |
| Other financial assets                             | 2.3         | -                                                     | -                                             | 546.90                                  | -                                            | 546.90                | -                                         | -                                       | -                                         |
|                                                    |             | -                                                     | -                                             | <b>2,211.23</b>                         | -                                            | <b>2,211.23</b>       | -                                         | -                                       | -                                         |
| <b>Financial liabilities at amortised cost</b>     |             |                                                       |                                               |                                         |                                              |                       |                                           |                                         |                                           |
| Borrowings                                         | 2.14 & 2.16 | -                                                     | -                                             | -                                       | 479.67                                       | 479.67                | -                                         | -                                       | -                                         |
| Trade payables                                     | 2.17        | -                                                     | -                                             | -                                       | 537.25                                       | 537.25                | -                                         | -                                       | -                                         |
| Other financial liabilities                        | 2.18        | -                                                     | -                                             | -                                       | 394.55                                       | 394.55                | -                                         | -                                       | -                                         |
|                                                    |             | -                                                     | -                                             | -                                       | <b>1,411.47</b>                              | <b>1,411.47</b>       | -                                         | -                                       | -                                         |

**As at 31 March 2020**

| Particulars                                        | Note        | Carrying values                           |                                               |                                         |                                              |                       | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|----------------------------------------------------|-------------|-------------------------------------------|-----------------------------------------------|-----------------------------------------|----------------------------------------------|-----------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|
|                                                    |             | Fair value through profit or loss account | Fair value through other comprehensive income | Other financial assets – amortised cost | Other financial liabilities - amortised cost | Total carrying amount |                                           |                                         |                                           |
| <b>Financial assets measured at fair value</b>     |             |                                           |                                               |                                         |                                              |                       |                                           |                                         |                                           |
| Investments in equity instruments*                 | 2.2         | -                                         | 0.03                                          | -                                       | -                                            | 0.03                  | -                                         | -                                       | 0.03                                      |
| Investments in mutual funds                        | 2.7         | 99.00                                     | -                                             | -                                       | -                                            | 99.00                 | 99.00                                     | -                                       | -                                         |
|                                                    |             | <b>99.00</b>                              | <b>0.03</b>                                   | -                                       | -                                            | <b>99.03</b>          | <b>99.00</b>                              | -                                       | <b>0.03</b>                               |
| <b>Financial assets at amortised cost</b>          |             |                                           |                                               |                                         |                                              |                       |                                           |                                         |                                           |
| Trade receivables                                  | 2.8         | -                                         | -                                             | 439.63                                  | -                                            | 439.63                | -                                         | -                                       | -                                         |
| Cash and cash equivalents                          | 2.9 (a)     | -                                         | -                                             | 66.97                                   | -                                            | 66.97                 | -                                         | -                                       | -                                         |
| Bank balances other than cash and cash equivalents | 2.9 (b)     | -                                         | -                                             | 905.43                                  | -                                            | 905.43                | -                                         | -                                       | -                                         |
| Loans                                              | 2.10        | -                                         | -                                             | 240.86                                  | -                                            | 240.86                | -                                         | -                                       | -                                         |
| Other financial assets                             | 2.3         | -                                         | -                                             | 471.38                                  | -                                            | 471.38                | -                                         | -                                       | -                                         |
|                                                    |             | -                                         | -                                             | <b>2,124.27</b>                         | -                                            | <b>2,124.27</b>       | -                                         | -                                       | -                                         |
| <b>Financial liabilities at amortised cost</b>     |             |                                           |                                               |                                         |                                              |                       |                                           |                                         |                                           |
| Borrowings                                         | 2.14 & 2.16 | -                                         | -                                             | -                                       | 576.80                                       | 576.80                | -                                         | -                                       | -                                         |
| Trade payables                                     | 2.17        | -                                         | -                                             | -                                       | 581.74                                       | 581.74                | -                                         | -                                       | -                                         |
| Other financial liabilities                        | 2.18        | -                                         | -                                             | -                                       | 344.69                                       | 344.69                | -                                         | -                                       | -                                         |
|                                                    |             | -                                         | -                                             | -                                       | <b>1,503.23</b>                              | <b>1,503.23</b>       | -                                         | -                                       | -                                         |

**Rainbow Children's Medicare Limited (formerly Rainbow Children's Medicare Private Limited)**
**Annexure VII - Notes to Restated Consolidated Financial Information**

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**2.44 Financial instruments (continued)**
**As at 31 March 2019**

| Particulars                                        |             | Carrying values |                                           |                                               |                                         |                                              | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|----------------------------------------------------|-------------|-----------------|-------------------------------------------|-----------------------------------------------|-----------------------------------------|----------------------------------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|
|                                                    |             | Note            | Fair value through profit or loss account | Fair value through other comprehensive income | Other financial assets – amortised cost | Other financial liabilities - amortised cost |                                           |                                         |                                           |
| Financial assets measured at fair value            |             |                 |                                           |                                               |                                         |                                              |                                           |                                         |                                           |
| Investments in equity instruments*                 | 2.2         | -               | 0.03                                      |                                               |                                         | 0.03                                         | -                                         | -                                       | 0.03                                      |
| Investments in mutual funds                        | 2.7         | 31.86           | -                                         | -                                             | -                                       | 31.86                                        | 31.86                                     | -                                       | -                                         |
|                                                    |             | 31.86           | 0.03                                      | -                                             | -                                       | 31.89                                        | 31.86                                     | -                                       | 0.03                                      |
| Financial assets at amortised cost                 |             |                 |                                           |                                               |                                         |                                              |                                           |                                         |                                           |
| Trade receivables                                  | 2.8         | -               | -                                         | 349.72                                        | -                                       | 349.72                                       | -                                         | -                                       | -                                         |
| Cash and cash equivalents                          | 2.9 (a)     | -               | -                                         | 51.34                                         | -                                       | 51.34                                        | -                                         | -                                       | -                                         |
| Bank balances other than cash and cash equivalents | 2.9 (b)     | -               | -                                         | 713.98                                        | -                                       | 713.98                                       | -                                         | -                                       | -                                         |
| Loans                                              | 2.10        | -               | -                                         | 68.91                                         | -                                       | 68.91                                        | -                                         | -                                       | -                                         |
| Other financial assets                             | 2.3         | -               | -                                         | 351.44                                        | -                                       | 351.44                                       | -                                         | -                                       | -                                         |
|                                                    |             | -               | -                                         | 1,535.39                                      | -                                       | 1,535.39                                     | -                                         | -                                       | -                                         |
| Financial liabilities at amortised cost            |             |                 |                                           |                                               |                                         |                                              |                                           |                                         |                                           |
| Borrowings                                         | 2.14 & 2.16 | -               | -                                         | -                                             | 526.42                                  | 526.42                                       | -                                         | -                                       | -                                         |
| Trade payables                                     | 2.17        | -               | -                                         | -                                             | 432.35                                  | 432.35                                       | -                                         | -                                       | -                                         |
| Other financial liabilities                        | 2.18        | -               | -                                         | -                                             | 251.40                                  | 251.40                                       | -                                         | -                                       | -                                         |
|                                                    |             | -               | -                                         | -                                             | 1,210.17                                | 1,210.17                                     | -                                         | -                                       | -                                         |

Note: The Group has not disclosed fair values of financial assets and liabilities such as investments, trade receivables, loans, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables, borrowings and other financial liabilities since their carrying amounts are reasonable approximates of fair values.

**Fair value hierarchy**
**Level 1**

Includes financial instruments measured using quoted prices. The fair value of all mutual funds which is valued using the closing Net Asset Value (NAV).as at the reporting period.

**Level 2**

The fair value of financial instruments not actively traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If the significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There have been no transfers between Level 1, Level 2 and Level 3 for the period/year ended 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020 and 31 March 2019

\* - Fair value information relating to investment in equity instruments are not presented as these are not material to the restated consolidated financial information

## 2.45 Revenue from contracts with customers

## Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

| Particulars                                        | For the six<br>months period ended<br>30 September 2021 | For the six<br>months period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|----------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>Income from medical and healthcare services</b> |                                                         |                                                         |                                        |                                        |                                        |
| Revenue from hospital services                     | 4,558.92                                                | 2,575.65                                                | 5,380.07                               | 5,969.28                               | 4,565.61                               |
| Revenue from pharmacy sales                        | 451.52                                                  | 402.24                                                  | 858.48                                 | 940.22                                 | 693.67                                 |
| Revenue from medical service fee                   | 86.89                                                   | 76.29                                                   | 161.32                                 | 162.56                                 | 66.93                                  |
| <b>Total revenue from contracts with customers</b> | <b>5,097.33</b>                                         | <b>3,054.18</b>                                         | <b>6,399.87</b>                        | <b>7,072.06</b>                        | <b>5,326.21</b>                        |

## Location of revenue recognition

**Note:** All the business operations of the Group are in India.

## Timing of revenue recognition

| Particulars                                        | For the six<br>months period ended<br>30 September 2021 | For the six<br>months period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|----------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| Services transferred at a point of time            | 1,509.01                                                | 481.43                                                  | 1,070.47                               | 1,237.94                               | 938.60                                 |
| Goods transferred at a point of time               | 451.52                                                  | 402.24                                                  | 858.48                                 | 940.22                                 | 693.67                                 |
| <b>Total revenue from contracts with customers</b> | <b>1,960.53</b>                                         | <b>883.67</b>                                           | <b>1,928.95</b>                        | <b>2,178.16</b>                        | <b>1,632.27</b>                        |

No single customer represents 10% or more of the Group's total revenue during the periods/years ended 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020 and 31 March 2019.

## Reconciliation of revenue recognised with the contracted price is as follows:

| Particulars                                          | For the six<br>months period ended<br>30 September 2021 | For the six<br>months period ended<br>30 September 2020 | For the<br>year ended<br>31 March 2021 | For the<br>year ended<br>31 March 2020 | For the<br>year ended<br>31 March 2019 |
|------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>Contracted price</b>                              | <b>4,697.16</b>                                         | <b>2,677.74</b>                                         | <b>5,571.07</b>                        | <b>6,209.81</b>                        | <b>4,688.45</b>                        |
| Reduction towards variable consideration components* |                                                         |                                                         |                                        |                                        |                                        |
| -Discounts                                           | (34.89)                                                 | (20.00)                                                 | (27.56)                                | (66.17)                                | (43.86)                                |
| -Disallowances                                       | (16.46)                                                 | (5.80)                                                  | (2.12)                                 | (11.80)                                | (12.05)                                |
| <b>Revenue recognised</b>                            | <b>4,645.81</b>                                         | <b>2,651.94</b>                                         | <b>5,541.39</b>                        | <b>6,131.84</b>                        | <b>4,632.54</b>                        |

\*Variable consideration components include discounts and disallowances on the contract price.

## Contract balances

| Particulars                                   | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| Trade receivables*                            | 499.54                     | 573.60                     | 490.46                 | 462.11                 | 331.94                 |
| Unbilled revenue                              | 145.62                     | 89.13                      | 77.28                  | 78.01                  | 63.98                  |
| Contract liabilities (advance from patients)# | 94.88                      | 61.26                      | 58.82                  | 51.48                  | 43.28                  |

## Movement in contract liabilities during the period/ year:

| Particulars                                   | As at<br>30 September 2021 | As at<br>30 September 2020 | As at<br>31 March 2021 | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------------------------------|----------------------------|----------------------------|------------------------|------------------------|------------------------|
| Balance at the beginning of the period/year   | 58.82                      | 51.48                      | 51.48                  | 43.28                  | 32.97                  |
| Less: Revenue recognised from above           | (58.82)                    | (51.48)                    | (51.48)                | (43.28)                | (32.97)                |
| Add: Addition during the period/year          | 94.88                      | 61.26                      | 58.82                  | 51.48                  | 43.28                  |
| <b>Balance at the end of the period/ year</b> | <b>94.88</b>               | <b>61.26</b>               | <b>58.82</b>           | <b>51.48</b>           | <b>43.28</b>           |

\* Trade receivables are non-interest bearing and are generally on terms of 30 days.

# Contract liabilities include advances received from patients for hospital services pending final billing.

## Performance obligation

The revenue from rendering Medical & Healthcare services and Pharmaceutical products satisfies 'at a point in time' recognition criteria as prescribed by Ind AS 115.

**2.46 Impact of COVID-19:**

During the previous periods/years, the COVID-19 pandemic impacted the revenues and profitability of the Group with a decline in occupancy impacting the hospital business revenues, profitability and cash flows. The Group took various initiatives to support operations and optimise the cost. With a slew of these measures, the Group has been able to significantly reduce the negative impact on business. During the current period, the Group has further witnessed improvement in business and it has gradually moved towards normalisation of business during the current period.

The Group has a well-capitalised Balance Sheet and has managed its liquidity position via cost efficiency initiatives, better working capital management and internal funding. Accordingly, the Group continues to prepare the financial information on a going concern basis. As per the Management's current assessment, no significant impact is expected on the carrying amounts of inventories, tangible assets, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of this global health pandemic may be different from those estimated as on the date of approval of these restated consolidated financial information. However, the Group is and will continue to closely monitor any material changes to future economic conditions.

**2.47** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Group towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its Restated Consolidated Financial Information in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**2.48** As per Section 203 of Companies Act 2013, read with rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Parent Company is required to have a whole-time Company Secretary. The position of Company Secretary was vacant from 1 April 2021 to 31 August 2021.

**2.49 Business combination****Acquisition of shares of Rosewalk Healthcare Private Limited**

During the year ended 31 March 2019, i.e. on 16 January 2019, the Parent Company has acquired 100 percent of the equity shares of Rosewalk Healthcare Private Limited ("RWHPL") thereby acquiring control of RWHPL. Control over RWHPL is expected to provide the Group with an increased share in the healthcare market through access to RWHPL's customer base.

**A. Consideration transferred**

The following table summarises the acquisition date fair value of each major class of consideration transferred:

|                                                                                 |               |
|---------------------------------------------------------------------------------|---------------|
| <b>Cash</b>                                                                     | <b>14.10</b>  |
| <b>B. Assets acquired and liabilities recognised at the date of acquisition</b> |               |
| Tangible assets                                                                 | 95.70         |
| Intangible assets                                                               | 1.20          |
| Financial assets                                                                | 8.10          |
| Income tax asset                                                                | 0.40          |
| Other assets                                                                    | 0.29          |
| Cash and bank balances                                                          | 4.26          |
| <b>Total assets</b>                                                             | <b>109.95</b> |
| Financial liabilities                                                           | 92.20         |
| Other liabilities                                                               | 2.00          |
| Fair value of debentures transferred                                            | (7.30)        |
| <b>Total liabilities</b>                                                        | <b>86.90</b>  |
| <b>Total fair value of net identifiable assets acquired</b>                     | <b>23.05</b>  |

The fair value of above acquired assets and liabilities were determined by a registered valuer.

**C. Capital reserve arising on acquisition**

|                                  |               |
|----------------------------------|---------------|
| Consideration transferred (cash) | 14.10         |
| Net value of assets acquired     | (23.05)       |
| <b>Capital reserve</b>           | <b>(8.95)</b> |

The amounts of revenue and loss related to acquired entity since the acquisition date (i.e. 16 January 2019) included in the Consolidated Statement of Profit and Loss for the year ended 31 March 2019 is Rs. 3.18 million and Rs. 14.40 million respectively.

2.50 Additional information as required under para 2 of General Instruction of Division II of Schedule III to the Companies Act, 2013.

30 September 2021

| Name of the entity                                    | Net Assets (i.e. total assets minus total liabilities) |                 | Share in profit or (loss)            |               | Share in Other comprehensive income  |             | Share in Total comprehensive income             |               |
|-------------------------------------------------------|--------------------------------------------------------|-----------------|--------------------------------------|---------------|--------------------------------------|-------------|-------------------------------------------------|---------------|
|                                                       | As % of consolidated net assets                        | Amount          | As % of consolidated profit / (loss) | Amount        | As % of consolidated profit / (loss) | Amount      | As % of consolidated total comprehensive income | Amount        |
| <b>Parent Company</b>                                 |                                                        |                 |                                      |               |                                      |             |                                                 |               |
| Rainbow Children's Medicare Limited                   | 105.55%                                                | 5,508.48        | 103.11%                              | 837.44        | 96.05%                               | 4.13        | 103.07%                                         | 841.57        |
| <b>Wholly owned subsidiary</b>                        |                                                        |                 |                                      |               |                                      |             |                                                 |               |
| Rainbow Children's Hospital Private Limited           | 0.00%                                                  | (0.04)          | 0.00%                                | (0.04)        | -                                    | -           | 0.00%                                           | (0.04)        |
| Rainbow Woman and Children's Hospital Private Limited | -0.01%                                                 | (0.54)          | -0.01%                               | (0.06)        | -                                    | -           | -0.01%                                          | (0.06)        |
| Rosewalk Healthcare Private Limited                   | -6.12%                                                 | (319.63)        | -3.89%                               | (31.62)       | 0.70%                                | 0.03        | -3.87%                                          | (31.59)       |
| Rainbow C R O Private Limited                         | 0.00%                                                  | (0.13)          | -0.01%                               | (0.04)        | -                                    | -           | 0.00%                                           | (0.04)        |
| Rainbow Fertility Private Limited                     | 0.91%                                                  | 47.67           | 0.10%                                | 0.81          | -                                    | -           | 0.10%                                           | 0.81          |
| <b>Subsidiary</b>                                     |                                                        |                 |                                      |               |                                      |             |                                                 |               |
| Rainbow Speciality Hospital Private Limited           | 2.84%                                                  | 148.21          | 0.69%                                | 5.63          | 3.25%                                | 0.14        | 0.71%                                           | 5.77          |
| Non-controlling interests in subsidiary               | 0.60%                                                  | 31.42           | 0.11%                                | 0.89          | 0.47%                                | 0.02        | 0.11%                                           | 0.91          |
| Elimination                                           | -3.77%                                                 | (196.73)        | -0.10%                               | (0.83)        | -0.47%                               | (0.02)      | -0.10%                                          | (0.85)        |
| <b>Total</b>                                          | <b>100.00%</b>                                         | <b>5,218.71</b> | <b>100.00%</b>                       | <b>812.18</b> | <b>100.00%</b>                       | <b>4.30</b> | <b>100.00%</b>                                  | <b>816.48</b> |

Note: Net assets, share in profit or loss and other comprehensive income for Parent Company and subsidiaries are as per the standalone information of respective entities.

30 September 2020

| Name of the entity                                    | Net Assets (i.e. total assets minus total liabilities) |                 | Share in profit or (loss)            |               | Share in Other comprehensive income  |             | Share in Total comprehensive income             |               |
|-------------------------------------------------------|--------------------------------------------------------|-----------------|--------------------------------------|---------------|--------------------------------------|-------------|-------------------------------------------------|---------------|
|                                                       | As % of consolidated net assets                        | Amount          | As % of consolidated profit / (loss) | Amount        | As % of consolidated profit / (loss) | Amount      | As % of consolidated total comprehensive income | Amount        |
| <b>Parent Company</b>                                 |                                                        |                 |                                      |               |                                      |             |                                                 |               |
| Rainbow Children's Medicare Limited                   | 104.85%                                                | 4,539.03        | 120.11%                              | 280.03        | 104.46%                              | 2.81        | 119.93%                                         | 282.84        |
| <b>Wholly owned subsidiary</b>                        |                                                        |                 |                                      |               |                                      |             |                                                 |               |
| Rainbow Children's Hospital Private Limited           | 0.00%                                                  | 0.02            | 0.00%                                | 0.00          | -                                    | -           | 0.00%                                           | 0.00          |
| Rainbow Woman and Children's Hospital Private Limited | -0.01%                                                 | (0.44)          | 0.00%                                | (0.01)        | -                                    | -           | 0.00%                                           | (0.01)        |
| Rosewalk Healthcare Private Limited                   | -5.74%                                                 | (248.49)        | -16.89%                              | (39.37)       | 0.00%                                | 0.00        | -16.69%                                         | (39.37)       |
| Rainbow C R O Private Limited                         | 0.00%                                                  | (0.06)          | 0.00%                                | 0.00          | -                                    | -           | 0.00%                                           | 0.00          |
| Rainbow Fertility Private Limited                     | 1.06%                                                  | 45.87           | 0.43%                                | 1.00          | -                                    | -           | 0.42%                                           | 1.00          |
| <b>Subsidiary</b>                                     |                                                        |                 |                                      |               |                                      |             |                                                 |               |
| Rainbow Speciality Hospital Private Limited           | 3.53%                                                  | 152.67          | -3.65%                               | (8.52)        | -4.83%                               | (0.13)      | -3.67%                                          | (8.65)        |
| Non-controlling interests in subsidiary               | 0.85%                                                  | 37.04           | -0.87%                               | (2.04)        | -1.12%                               | (0.03)      | -0.88%                                          | (2.07)        |
| Elimination                                           | -4.54%                                                 | (196.66)        | 0.88%                                | 2.06          | 1.49%                                | 0.04        | 0.89%                                           | 2.10          |
| <b>Total</b>                                          | <b>100.00%</b>                                         | <b>4,328.98</b> | <b>100.00%</b>                       | <b>233.15</b> | <b>100.00%</b>                       | <b>2.69</b> | <b>100.00%</b>                                  | <b>235.84</b> |

Note: Net assets, share in profit or loss and other comprehensive income for Parent Company and subsidiaries are as per the standalone information of respective entities.

31 March 2021

| Name of the entity                                    | Net Assets (i.e. total assets minus total liabilities) |                 | Share in profit or (loss)            |               | Share in Other comprehensive income  |             | Share in Total comprehensive income             |               |
|-------------------------------------------------------|--------------------------------------------------------|-----------------|--------------------------------------|---------------|--------------------------------------|-------------|-------------------------------------------------|---------------|
|                                                       | As % of consolidated net assets                        | Amount          | As % of consolidated profit / (loss) | Amount        | As % of consolidated profit / (loss) | Amount      | As % of consolidated total comprehensive income | Amount        |
| <b>Parent Company</b>                                 |                                                        |                 |                                      |               |                                      |             |                                                 |               |
| Rainbow Children's Medicare Limited                   | 106.15%                                                | 4,759.34        | 124.80%                              | 493.80        | 95.34%                               | 9.00        | 124.11%                                         | 502.80        |
| <b>Wholly owned subsidiary</b>                        |                                                        |                 |                                      |               |                                      |             |                                                 |               |
| Rainbow Children's Hospital Private Limited           | 0.00%                                                  | (0.00)          | 0.00%                                | (0.02)        | -                                    | -           | 0.00%                                           | (0.02)        |
| Rainbow Woman and Children's Hospital Private Limited | -0.01%                                                 | (0.48)          | -0.01%                               | (0.05)        | -                                    | -           | -0.01%                                          | (0.05)        |
| Rosewalk Healthcare Private Limited                   | -6.42%                                                 | (288.03)        | -19.99%                              | (79.11)       | 2.22%                                | 0.21        | -19.48%                                         | (78.90)       |
| Rainbow C R O Private Limited                         | 0.00%                                                  | (0.09)          | 0.01%                                | (0.03)        | -                                    | -           | -0.01%                                          | (0.03)        |
| Rainbow Fertility Private Limited                     | 1.05%                                                  | 46.86           | 0.65%                                | 2.58          | -                                    | -           | 0.64%                                           | 2.58          |
| <b>Subsidiary</b>                                     |                                                        |                 |                                      |               |                                      |             |                                                 |               |
| Rainbow Speciality Hospital Private Limited           | 3.18%                                                  | 142.45          | -4.83%                               | (19.12)       | 2.00%                                | 0.19        | -4.67%                                          | (18.93)       |
| Non-controlling interests in subsidiary               | 0.45%                                                  | 20.13           | -1.14%                               | (4.50)        | 0.53%                                | 0.05        | -1.10%                                          | (4.45)        |
| Elimination                                           | -4.38%                                                 | (196.42)        | 0.54%                                | 2.13          | -0.09%                               | (0.01)      | 0.52%                                           | 2.12          |
| <b>Total</b>                                          | <b>100.00%</b>                                         | <b>4,483.76</b> | <b>100.00%</b>                       | <b>395.68</b> | <b>100.00%</b>                       | <b>9.44</b> | <b>100.00%</b>                                  | <b>405.12</b> |

Note: Net assets, share in profit or loss and other comprehensive income for Parent Company and subsidiaries are as per the standalone information of respective entities.

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2.50 Additional information as required under para 2 of General Instruction of Division II of Schedule III to the Companies Act, 2013. (continued)

31 March 2020

| Name of the entity                                    | Net Assets (i.e. total assets minus total liabilities) |                 | Share in profit or (loss)            |               | Share in Other comprehensive income  |               | Share in Total comprehensive income             |               |
|-------------------------------------------------------|--------------------------------------------------------|-----------------|--------------------------------------|---------------|--------------------------------------|---------------|-------------------------------------------------|---------------|
|                                                       | As % of consolidated net assets                        | Amount          | As % of consolidated profit / (loss) | Amount        | As % of consolidated profit / (loss) | Amount        | As % of consolidated total comprehensive income | Amount        |
| <b>Parent Company</b>                                 |                                                        |                 |                                      |               |                                      |               |                                                 |               |
| Rainbow Children's Medicare Limited                   | 103.98%                                                | 4,256.22        | 128.08%                              | 708.79        | 100.00%                              | (0.83)        | 128.12%                                         | 707.96        |
| <b>Wholly owned subsidiary</b>                        |                                                        |                 |                                      |               |                                      |               |                                                 |               |
| Rainbow Children's Hospital Private Limited           | 0.00%                                                  | 0.02            | 0.02%                                | 0.14          | -                                    | -             | 0.02%                                           | 0.14          |
| Rainbow Woman and Children's Hospital Private Limited | -0.01%                                                 | (0.43)          | 0.69%                                | 3.81          | -                                    | -             | 0.69%                                           | 3.81          |
| Rosewalk Healthcare Private Limited                   | -5.11%                                                 | (209.13)        | -25.79%                              | (142.70)      | -                                    | -             | -25.82%                                         | (142.70)      |
| Rainbow C R O Private Limited                         | 0.00%                                                  | -0.06           | -0.03%                               | (0.16)        | -                                    | -             | -0.03%                                          | (0.16)        |
| Rainbow Fertility Private Limited                     | 1.10%                                                  | 44.87           | -0.02%                               | (0.13)        | -                                    | -             | -0.02%                                          | (0.13)        |
| <b>Subsidiary</b>                                     |                                                        |                 |                                      |               |                                      |               |                                                 |               |
| Rainbow Speciality Hospital Private Limited           | 3.94%                                                  | 161.32          | -2.94%                               | (16.26)       | -                                    | -             | -2.94%                                          | (16.26)       |
| Non-controlling interests in subsidiary               | 0.96%                                                  | 39.11           | -0.70%                               | (3.89)        | -                                    | -             | -0.70%                                          | (3.89)        |
| Elimination                                           | -4.86%                                                 | (198.78)        | 0.69%                                | 3.80          | -                                    | -             | 0.68%                                           | 3.80          |
| <b>Total</b>                                          | <b>100.00%</b>                                         | <b>4,093.14</b> | <b>100.00%</b>                       | <b>553.40</b> | <b>100.00%</b>                       | <b>(0.83)</b> | <b>100.00%</b>                                  | <b>552.57</b> |

Note: Net assets, share in profit or loss and other comprehensive income for Parent Company and subsidiaries are as per the standalone information of respective entities.

31 March 2019

| Name of the entity                                    | Net Assets (i.e. total assets minus total liabilities) |                 | Share in profit or (loss)            |               | Share in Other comprehensive income  |             | Share in Total comprehensive income             |               |
|-------------------------------------------------------|--------------------------------------------------------|-----------------|--------------------------------------|---------------|--------------------------------------|-------------|-------------------------------------------------|---------------|
|                                                       | As % of consolidated net assets                        | Amount          | As % of consolidated profit / (loss) | Amount        | As % of consolidated profit / (loss) | Amount      | As % of consolidated total comprehensive income | Amount        |
| <b>Parent Company</b>                                 |                                                        |                 |                                      |               |                                      |             |                                                 |               |
| Rainbow Children's Medicare Limited                   | 101.32%                                                | 3,770.61        | 105.54%                              | 470.61        | 100.00%                              | 3.68        | 105.49%                                         | 474.29        |
| <b>Wholly owned subsidiary</b>                        |                                                        |                 |                                      |               |                                      |             |                                                 |               |
| Rainbow Children's Hospital Private Limited           | 0.00%                                                  | (0.13)          | -0.01%                               | (0.06)        | -                                    | -           | -0.01%                                          | (0.06)        |
| Rainbow Woman and Children's Hospital Private Limited | -0.12%                                                 | (4.24)          | -0.02%                               | (0.10)        | -                                    | -           | -0.02%                                          | (0.10)        |
| Rainbow Speciality Hospital Private Limited           | -0.06%                                                 | (2.32)          | -0.51%                               | (2.25)        | -                                    | -           | -0.50%                                          | (2.25)        |
| Rosewalk Healthcare Private Limited                   | -1.72%                                                 | (64.06)         | -5.00%                               | (22.30)       | -                                    | -           | -4.96%                                          | (22.30)       |
| Elimination                                           | 0.58%                                                  | 21.65           | -                                    | -             | -                                    | -           | -                                               | -             |
| <b>Total</b>                                          | <b>100.00%</b>                                         | <b>3,721.51</b> | <b>100.00%</b>                       | <b>445.90</b> | <b>100.00%</b>                       | <b>3.68</b> | <b>100.00%</b>                                  | <b>449.58</b> |

Note: Net assets, share in profit or loss and other comprehensive income for Parent Company and subsidiaries are as per the standalone information of respective entities.

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## 2.51 Ratios as per the Schedule III requirements

## a) Current Ratio = Current Assets divided by Current Liabilities

| Particulars                                 | 30 September 2021 | 30 September 2020 | 31 March 2021 | 31 March 2020 | 31 March 2019 |
|---------------------------------------------|-------------------|-------------------|---------------|---------------|---------------|
| Current Assets                              | 2,538.86          | 2,154.67          | 1,971.16      | 2,026.04      | 1,328.94      |
| Current Liabilities                         | 1,423.72          | 1,184.14          | 1,220.78      | 1,299.56      | 917.38        |
| <b>Ratio</b>                                | <b>1.78</b>       | <b>1.82</b>       | <b>1.61</b>   | <b>1.56</b>   | <b>1.45</b>   |
| <b>% Change from previous period / year</b> | <b>-2.00%</b>     |                   | <b>3.57%</b>  | <b>7.62%</b>  |               |

Reason for change more than 25%: Not applicable

## b) Debt Equity ratio = Total debt divided by Total equity where total debt refers to sum of current &amp; non current borrowings

| Particulars                                 | 30 September 2021 | 30 September 2020 | 31 March 2021  | 31 March 2020 | 31 March 2019 |
|---------------------------------------------|-------------------|-------------------|----------------|---------------|---------------|
| Total debt                                  | 427.28            | 482.54            | 479.67         | 576.80        | 526.42        |
| Total equity                                | 5,218.71          | 4,328.98          | 4,483.76       | 4,093.14      | 3,721.51      |
| <b>Ratio</b>                                | <b>0.08</b>       | <b>0.11</b>       | <b>0.11</b>    | <b>0.14</b>   | <b>0.14</b>   |
| <b>% Change from previous period / year</b> | <b>-26.55%</b>    |                   | <b>-24.08%</b> | <b>-0.38%</b> |               |

Reason for change more than 25%:

This ratio has decreased from 0.11 in September 2020 to 0.08 in September 2021 mainly due to repayment of borrowings and increase in equity due to profit during the period.

## c) Debt Service Coverage Ratio = Earnings available for debt services divided by Total interest and principal repayments

| Particulars                                              | 30 September 2021 | 30 September 2020 | 31 March 2021   | 31 March 2020   | 31 March 2019   |
|----------------------------------------------------------|-------------------|-------------------|-----------------|-----------------|-----------------|
| Profit after tax                                         | 812.18            | 233.15            | 395.68          | 553.40          | 445.90          |
| <b>Add: Non cash operating expenses and finance cost</b> | <b>651.87</b>     | <b>554.38</b>     | <b>1,174.01</b> | <b>1,140.17</b> | <b>993.40</b>   |
| -Depreciation and amortization                           | 398.51            | 353.54            | 733.38          | 694.11          | 603.16          |
| -Finance cost                                            | 253.36            | 200.84            | 440.63          | 446.06          | 390.24          |
| <b>Earnings available for debt services</b>              | <b>1,464.05</b>   | <b>787.53</b>     | <b>1,569.69</b> | <b>1,693.57</b> | <b>1,439.30</b> |
| Interest cost on borrowings                              | 21.16             | 24.48             | 46.50           | 51.08           | 25.33           |
| Principal repayments                                     | 51.79             | 93.57             | 94.71           | 5.92            | 22.96           |
| <b>Total Interest and principal repayments</b>           | <b>72.95</b>      | <b>118.05</b>     | <b>141.21</b>   | <b>57.00</b>    | <b>48.29</b>    |
| <b>Ratio</b>                                             | <b>20.07</b>      | <b>6.67</b>       | <b>11.12</b>    | <b>29.71</b>    | <b>29.81</b>    |
| <b>% Change from previous period / year</b>              | <b>200.84%</b>    |                   | <b>-62.59%</b>  | <b>-0.31%</b>   |                 |

Reasons for change more than 25%:

This ratio has decreased from 29.71 in March 2020 to 11.12 in March 2021 mainly due to repayment of borrowings.

This ratio has increased from 6.67 in September 2020 to 20.07 in September 2021 mainly due to increase in earnings available for debt services due to increase in profit during the period

## d) Return on Equity Ratio / Return on Investment Ratio = Net profit after tax divided by Equity

| Particulars                                 | 30 September 2021 | 30 September 2020 | 31 March 2021  | 31 March 2020 | 31 March 2019 |
|---------------------------------------------|-------------------|-------------------|----------------|---------------|---------------|
| Net profit after tax*                       | 812.18            | 233.15            | 395.68         | 553.40        | 445.90        |
| Equity                                      | 5,218.71          | 4,328.98          | 4,483.76       | 4,093.14      | 3,721.51      |
| <b>Ratio</b>                                | <b>15.56%</b>     | <b>5.39%</b>      | <b>8.82%</b>   | <b>13.52%</b> | <b>11.98%</b> |
| <b>% Change from previous period / year</b> | <b>188.96%</b>    |                   | <b>-34.73%</b> | <b>12.84%</b> |               |

\*Net profit after tax for the six months period ended 30 September 2021 and 30 September 2020 were not annualized.

Reason for change more than 25%:

This ratio has decreased from 13.52 % in March 2020 to 8.82 % in March 2021 mainly due to decrease in Net profit after tax was mainly due to decrease in business volumes.

This ratio has increased from 5.39 % in September 2020 to 15.56 % in September 2021 mainly due to increase in Net profit after tax was mainly due to increase in business volumes.

## e) Inventory Turnover Ratio = Cost of goods sold divided by closing inventory

| Particulars                                               | 30 September 2021 | 30 September 2020 | 31 March 2021 | 31 March 2020  | 31 March 2019 |
|-----------------------------------------------------------|-------------------|-------------------|---------------|----------------|---------------|
| Cost of Medical consumables and pharmacy items consumed * | 1,228.84          | 485.94            | 1,032.62      | 1,053.14       | 802.13        |
| Closing Inventory                                         | 162.97            | 109.64            | 100.97        | 159.77         | 69.98         |
| <b>Inventory Turnover Ratio</b>                           | <b>7.54</b>       | <b>4.43</b>       | <b>10.23</b>  | <b>6.59</b>    | <b>11.46</b>  |
| <b>% Change from previous period / year</b>               | <b>70.13%</b>     |                   | <b>55.15%</b> | <b>-42.49%</b> |               |

\*Cost of materials consumed for the six months period ended 30 September 2021 and 30 September 2020 were not annualized.

Reason for change more than 25%:

This ratio has decreased from 11.46 in March 2019 to 6.59 in March 2020 mainly due to increase in covid related closing inventory.

This ratio has increased from 6.59 in March 2020 to 10.23 in March 2021 mainly due to liquidation of covid related inventory.

This ratio has increased from 4.43 in September 2020 to 7.54 in September 2021 mainly due to purchase of covid vaccines

## f) Trade Receivables turnover ratio = Credit Sales divided by Closing trade receivables

| Particulars                                 | 30 September 2021 | 30 September 2020 | 31 March 2021 | 31 March 2020 | 31 March 2019 |
|---------------------------------------------|-------------------|-------------------|---------------|---------------|---------------|
| Credit Sales*                               | 1,230.55          | 948.91            | 1,935.75      | 2,149.16      | 1,719.20      |
| Closing Trade Receivables                   | 500.61            | 533.00            | 439.65        | 439.63        | 349.72        |
| <b>Ratio</b>                                | <b>2.46</b>       | <b>1.78</b>       | <b>4.40</b>   | <b>4.89</b>   | <b>4.92</b>   |
| <b>% Change from previous period / year</b> | <b>38.07%</b>     |                   | <b>-9.93%</b> | <b>-0.56%</b> |               |

\*Credit Sales for the six months period ended 30 September 2021 and 30 September 2020 were not annualized.

Reason for change more than 25%:

This ratio has increased from 1.78 in September 2020 to 2.46 in September 2021 due to increase in the credit sales, overall increase in business volumes and better collection efficiency.

## g) Trade payables turnover ratio = Credit purchases divided by closing trade payables

| Particulars                                 | 30 September 2021 | 30 September 2020 | 31 March 2021 | 31 March 2020 | 31 March 2019 |
|---------------------------------------------|-------------------|-------------------|---------------|---------------|---------------|
| Credit Purchases*                           | 1,290.84          | 435.81            | 973.82        | 1,142.93      | 812.31        |
| Closing Trade Payables                      | 641.13            | 492.04            | 537.25        | 581.74        | 432.35        |
| <b>Ratio</b>                                | <b>2.01</b>       | <b>0.89</b>       | <b>1.81</b>   | <b>1.96</b>   | <b>1.88</b>   |
| <b>% Change from previous period / year</b> | <b>127.32%</b>    |                   | <b>-7.74%</b> | <b>4.57%</b>  |               |

\*Credit Purchases for the six months period ended 30 September 2021 and 30 September 2020 were not annualized.

Reason for change more than 25%:

This ratio has increased from 0.89 in September 2020 to 2.01 in September 2021 mainly due to credit purchases of covid vaccines

(All amounts are in millions of Indian Rupees, except share data and unless otherwise stated)

**h) Net capital Turnover Ratio = Sales divided by Working capital whereas working capital= current assets - current liabilities**

| Particulars                                 | 30 September 2021 | 30 September 2020 | 31 March 2021  | 31 March 2020  | 31 March 2019 |
|---------------------------------------------|-------------------|-------------------|----------------|----------------|---------------|
| Net sales*                                  | 5,125.55          | 3,097.83          | 6,500.47       | 7,193.91       | 5,427.92      |
| Working capital                             | 1,115.14          | 970.53            | 750.38         | 726.48         | 411.56        |
| Ratio                                       | 4.60              | 3.19              | 8.66           | 9.90           | 13.19         |
| <b>% Change from previous period / year</b> | <b>44.00%</b>     |                   | <b>-12.52%</b> | <b>-24.92%</b> |               |

\*Net Sales for the six months period ended 30 September 2021 and 30 September 2020 were not annualized.

**Reason for change more than 25%:**

This ratio has increased from 3.19 in September 2020 to 4.60 in September 2021 mainly due to increase in sales.

**i) Net profit ratio = Net profit after tax divided by Sales**

| Particulars                                 | 30 September 2021 | 30 September 2020 | 31 March 2021  | 31 March 2020 | 31 March 2019 |
|---------------------------------------------|-------------------|-------------------|----------------|---------------|---------------|
| Net profit after tax*                       | 812.18            | 233.15            | 395.68         | 553.40        | 445.90        |
| Sales*                                      | 5,125.55          | 3,097.83          | 6,500.47       | 7,193.91      | 5,427.92      |
| Ratio                                       | 15.85%            | 7.53%             | 6.09%          | 7.69%         | 8.21%         |
| <b>% Change from previous period / year</b> | <b>110.54%</b>    |                   | <b>-20.87%</b> | <b>-6.36%</b> |               |

\* Amount for the six months period ended 30 September 2021 and 30 September 2020 were not annualized.

**Reason for change more than 25%:**

This ratio has increased from 7.53 % in September 2020 to 15.85% in September 2021 mainly due to increase in Net profit after tax resulting from increase in sales.

**j) Return on Capital employed (pre cash)=Earnings before interest and taxes(EBIT) divided by Capital Employed(pre cash)**

| Particulars                                                 | 30 September 2021 | 30 September 2020 | 31 March 2021   | 31 March 2020   | 31 March 2019   |
|-------------------------------------------------------------|-------------------|-------------------|-----------------|-----------------|-----------------|
| Profit before tax* (A)                                      | 1,093.24          | 320.67            | 556.96          | 933.56          | 575.26          |
| Finance Costs* (B)                                          | 253.36            | 200.84            | 440.63          | 446.06          | 390.24          |
| Other Income* (C)                                           | 70.37             | 57.84             | 102.63          | 103.46          | 83.52           |
| <b>EBIT (D) = (A)+(B)-(C)</b>                               | <b>1,276.23</b>   | <b>463.67</b>     | <b>894.96</b>   | <b>1,276.16</b> | <b>881.98</b>   |
| <b>Capital Employed (Pre Cash) (J)=( E)-(F)-(G)-(H)-(I)</b> | <b>8,571.22</b>   | <b>7,900.39</b>   | <b>8,542.53</b> | <b>7,821.41</b> | <b>7,549.40</b> |
| Total Assets (E)                                            | 11,797.72         | 10,299.09         | 10,812.67       | 10,192.37       | 9,263.96        |
| Current Liabilities (F)                                     | 1,423.72          | 1,184.14          | 1,220.78        | 1,299.56        | 917.38          |
| Current Investments (G)                                     | 452.23            | 183.48            | 102.62          | 99.00           | 31.86           |
| Cash and Cash equivalents (H)                               | 282.18            | 72.36             | 56.58           | 66.97           | 51.34           |
| Bank balances other than cash and cash equivalents (I)      | 1,068.37          | 958.72            | 890.16          | 905.43          | 713.98          |
| <b>Ratio (D)/(J)</b>                                        | <b>14.89%</b>     | <b>5.87%</b>      | <b>10.48%</b>   | <b>16.32%</b>   | <b>11.68%</b>   |
| <b>% Change from previous period / year</b>                 | <b>153.70%</b>    |                   | <b>-35.79%</b>  | <b>39.66%</b>   |                 |

\* Amount for the six months period ended 30 September 2021 and 30 September 2020 were not annualized.

**Reason for change more than 25%:**

This ratio has increased from 11.68% in March 2019 to 16.32% in March 2020 mainly due to increase in Earnings before interest and taxes (EBIT).

This ratio has decreased from 16.32 % in March 2020 to 10.48% in March 2021 mainly due to decrease in EBIT which is mainly due to decrease in business operations.

This ratio has increased from 5.87 % in September 2020 to 14.89 % in September 2021 mainly due to increase in EBIT which is mainly due to increase in business operations.

**2.52 Subsequent events**

- (a) The Parent company has converted itself from Private Limited to Public Limited, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on 3 November 2021 and consequently the name of the Company has changed to "Rainbow Children's Medicare Limited" pursuant to a fresh certificate of incorporation by the Registrar of Companies on 20 November 2021.
- (b) The Parent company, pursuant to the approval of shareholders granted in the extra-ordinary general meeting dated 20 October 2021, has increased its Authorised Share Capital from INR 700 million to INR 1,500 million.
- (c) The Parent Company had a rights issue offered to all the shareholders and has issued and allotted 1,928,000 equity shares of face value INR 10 through rights issue to an existing shareholder on 22 October 2021, there are no outstanding rights pending to be subscribed. Subsequent to the Rights Issue, pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 30 November 2021, the Company issued and allotted fully paid-up equity shares of Rs. 10 each as "bonus shares" on 01 December 2021 in the ratio of 1:1 for every one equity share and every one preference share held by utilising securities premium account. The earnings per share has been adjusted for issue of these bonus shares and bonus element of the rights issue as if the event had occurred at the beginning of the earliest period presented in accordance with Ind AS 33 (Refer Note 2.37).

As per our report of even date attached.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024

for and on behalf of the Board of Directors of

**Rainbow Children's Medicare Limited**

(formerly known as "Rainbow Children's Medicare Private Limited")

CIN: U85110TG1998PLC029914

**Hemant Maheshwari**

Partner

Membership No.: 096537

**Dr. Ramesh Kancharla**

Chairman and Managing Director

DIN: 00212270

**Dr. Dinesh Kumar Chirla**

Director

DIN: 01395841

**R Gowrisankar**

Chief Financial Officer

**Ashish Kapil**

Company Secretary

Membership No.: A31782

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021

Place: Hyderabad

Date: 23 December 2021



## OTHER FINANCIAL INFORMATION

In accordance with the SEBI ICDR Regulations, the audited financial statements of our Company for financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 (collectively, the “**Audited Financial Statements**”) are available on our website at <https://www.rainbowhospitals.in>.

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision.

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

| Particulars                                          | For the year/six months period ended |                    |                |                |                |
|------------------------------------------------------|--------------------------------------|--------------------|----------------|----------------|----------------|
|                                                      | September 30, 2021                   | September 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Basic earnings per share <sup>^</sup> (in ₹)         | 8.78*                                | 2.56*              | 4.36           | 5.98           | 4.83           |
| Diluted earnings per share <sup>^</sup> (in ₹)       | 8.62*                                | 2.50*              | 4.25           | 5.92           | 4.74           |
| Return on Net Worth (%)                              | 15.68                                | 5.44               | 8.88           | 13.68          | 12.01          |
| Net asset value per equity share <sup>^</sup> (in ₹) | 56.82                                | 47.13              | 48.82          | 44.57          | 40.52          |
| EBITDA (₹ in million)                                | 1,745.11                             | 875.05             | 1,730.97       | 2,073.73       | 1,568.66       |
| Adjusted EBITDA (₹ in million)                       | 1,674.74                             | 817.21             | 1,628.34       | 1,970.27       | 1,485.14       |

\*Not annualized

**Notes:** The ratios have been computed as under:

1. **Basic and diluted EPS:** Profit for the period/year attributable to the Owners of the Company divided by total weighted average number of equity shares outstanding during the period. Basic and diluted EPS are computed in accordance with Ind AS 33 - Earnings per share

<sup>^</sup> Pursuant to a board resolution dated November 27, 2021 and shareholders resolution dated November 30, 2021, bonus shares have been issued in the ratio of 1:1 for every one equity share and every one preference share held. For calculation of EPS and Net asset value per equity share, bonus equity shares have been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented.

<sup>^</sup> Pursuant to board resolutions dated October 14, 2021 and October 22, 2021, the Company has issued and allotted equity shares through rights issue to an existing shareholder on 22 October 2021. The exercise price is less than the fair value of the equity shares and hence the inherent discount is similar to a bonus issue as per Ind AS 33. In line with the requirements of Ind AS 33 for the purpose of EPS calculations and for Net asset value per equity share, the bonus element in rights issue of shares has been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented. The equity shares allotted through a rights issue (excluding the bonus element thereon) and the bonus shares issued in the ratio of 1:1 for such rights issue have not been considered for the purpose of computation of EPS and Net asset value.

“Net Worth” has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

## 2. Reconciliation of Net Worth:

(₹ in million)

| Particulars           | September 30, 2021 | September 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|-----------------------|--------------------|--------------------|----------------|----------------|----------------|
| Equity share capital  | 549.03             | 549.03             | 549.03         | 549.03         | 549.03         |
| Other equity          | 4,638.26           | 3,742.91           | 3,914.60       | 3,505.00       | 3,172.48       |
| Less: Capital reserve | 8.95               | 8.95               | 8.95           | 8.95           | 8.95           |
| Net Worth             | 5,178.34           | 4,282.99           | 4,454.68       | 4,045.08       | 3,712.56       |

## 3. Return on Net Worth %: Profit/(loss) for the year divided by net worth at the end of the year at the end of the year\*100

(₹ in million)

| Particulars                                    | As at and for the year/six months period ended |                    |                |                |                |
|------------------------------------------------|------------------------------------------------|--------------------|----------------|----------------|----------------|
|                                                | September 30, 2021                             | September 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Net Worth (A)                                  | 5,178.34                                       | 4,282.99           | 4,454.68       | 4,045.08       | 3,712.56       |
| Profit for the period/year (B)                 | 812.18                                         | 233.15             | 395.68         | 553.40         | 445.90         |
| Return on Net Worth (%) (C)<br>= (B) / (A)*100 | 15.68                                          | 5.44               | 8.88           | 13.68          | 12.01          |

## 4. Net asset value per equity share (in ₹): Net assets at the end of the respective periods/years divided by number equity shares outstanding at the end of respective periods/years. Net Assets means total assets minus total liabilities.

(₹ in million, except per share data)

| Particulars                                       | As at and for the year/six months period ended |                    |                |                |                |
|---------------------------------------------------|------------------------------------------------|--------------------|----------------|----------------|----------------|
|                                                   | September 30, 2021                             | September 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Total Assets (A)                                  | 11,797.72                                      | 10,299.09          | 10,812.67      | 10,192.37      | 9,263.96       |
| Total liabilities (B)                             | 6,579.01                                       | 5,970.11           | 6,328.91       | 6,099.23       | 5,542.45       |
| Net Assets (C) = (A)-(B)                          | 5,218.71                                       | 4,328.98           | 4,483.76       | 4,093.14       | 3,721.51       |
| No. of equity shares outstanding (D)*             | 91,844,961                                     | 91,844,961         | 91,844,961     | 91,844,961     | 91,844,961     |
| Net asset value per equity share (E)<br>= (C)/(D) | 56.82                                          | 47.13              | 48.82          | 44.57          | 40.52          |

\* Pursuant to a board resolution dated November 27, 2021 and shareholders resolution dated November 30, 2021, bonus share has been issued in the ratio of one equity share for every one equity share. For calculation of EPS and Net asset value per equity share, bonus equity shares have been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented.

Pursuant to board resolutions dated October 14, 2021 and October 22, 2021, the Company has issued and allotted equity shares through rights issue to an existing shareholder on 22 October 2021. The exercise price is less than the fair value of the equity shares and hence the inherent discount is similar to a bonus issue as per Ind AS 33. In line with the requirements of Ind AS 33 for the purpose of EPS calculations and for Net asset value per equity share, the bonus element in rights issue of shares has been retrospectively adjusted as if the event had occurred at the beginning of the earliest period presented. The equity shares allotted through a rights issue (excluding the bonus element thereon) and the bonus shares issued in the ratio of 1:1 for such rights issue have not been considered for the purpose of computation of EPS and Net asset value.

## 5. EBITDA = Earnings before interest, taxes, depreciation and amortisation expense, which has been arrived at by obtaining the profit / (loss) for the period/year and adding back finance costs, total tax expense, depreciation and amortisation expense.

6. *Adjusted EBITDA = EBITDA minus other income*

(₹ in million)

| <b>Particulars</b>                               | <b>For the period/ year ended</b> |                           |                       |                       |                       |
|--------------------------------------------------|-----------------------------------|---------------------------|-----------------------|-----------------------|-----------------------|
|                                                  | <b>September 30, 2021</b>         | <b>September 30, 2020</b> | <b>March 31, 2021</b> | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
| <i>Profit for the period/ year (A)</i>           | 812.18                            | 233.15                    | 395.68                | 553.40                | 445.90                |
| <i>Finance costs (B)</i>                         | 253.36                            | 200.84                    | 440.63                | 446.06                | 390.24                |
| <i>Total tax expense (C)</i>                     | 281.06                            | 87.52                     | 161.28                | 380.16                | 129.36                |
| <i>Depreciation and amortisation expense (D)</i> | 398.51                            | 353.54                    | 733.38                | 694.11                | 603.16                |
| <i>EBITDA (E) = (A)+(B)+(C)+(D)</i>              | 1,745.11                          | 875.05                    | 1,730.97              | 2,073.73              | 1,568.66              |
| <i>Other income (F)</i>                          | 70.37                             | 57.84                     | 102.63                | 103.46                | 83.52                 |
| <b><i>Adjusted EBITDA (G) = (E)-(F)</i></b>      | <b>1,674.74</b>                   | <b>817.21</b>             | <b>1,628.34</b>       | <b>1,970.27</b>       | <b>1,485.14</b>       |

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions during six months period ended September 30, 2021 and September 30, 2020, and Fiscals 2021, 2020 and 2019 as per the requirements under Ind AS 24, see “*Financial Information – Restated Consolidated Financial Information – Note 2.33 - Related parties*” on page 317, respectively.

## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation as at September 30, 2021, on the basis of amounts derived from our Restated Consolidated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "Risk Factors", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", beginning on pages 35, 259 and 343, respectively.

(₹ in million)

| Particulars                                             | Pre-Offer (as at September 30, 2021) | Post Offer* |
|---------------------------------------------------------|--------------------------------------|-------------|
| <b>Debt</b>                                             |                                      |             |
| Current borrowings (A)                                  | 154.88                               | [●]         |
| Non-current borrowings (B)                              | 272.40                               | [●]         |
| <b>Total borrowings (C=A+B)</b>                         | <b>427.28</b>                        | <b>[●]</b>  |
| <b>Equity</b>                                           |                                      |             |
| Equity share capital (D)                                | 549.03                               | [●]         |
| Other equity (E)                                        | 4,638.26                             | [●]         |
| <b>Total Equity (F= D+E)</b>                            | <b>5,187.29</b>                      | <b>[●]</b>  |
| <b>Total (G= C+F)</b>                                   | <b>5,614.57</b>                      | <b>[●]</b>  |
| <b>Total non-current borrowings /Total equity (B/F)</b> | <b>0.05</b>                          | <b>[●]</b>  |
| <b>Total borrowings/Total equity (C/F)</b>              | <b>0.08</b>                          | <b>[●]</b>  |

\*These amounts (as adjusted for the Offer) are not determinable at this stage pending the completion of the book building process and hence have not been furnished

### Notes:

- i. The corresponding Post Offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement;
- ii. The above statement does not include lease liability as per Ind AS 116 disclosed under the Restated Consolidated Financial Information.
- iii. Pursuant to board resolutions dated October 14, 2021 and October 22, 2021, the Company has issued and allotted 1,928,000 equity shares through rights issue to an existing shareholder on 22 October 2021.
- iv. Pursuant to a board resolution dated November 27, 2021 and shareholders resolution dated November 30, 2021, bonus equity shares have been issued in the ratio of 1:1 for every one equity share and every one preference share held.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion in conjunction with the Restated Consolidated Financial Information included herein as of and for the six months period ended September 30, 2021 and 2020 and the financial years ended March 31, 2021, 2020 and 2019, including the related notes, schedules and annexures. The Restated Consolidated Financial Information has been derived from our (i) audited interim consolidated financial statements as at and for the six month periods ended September 30, 2021 and September 30, 2020, and (ii) audited consolidated financial statements as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, in each case, prepared in accordance with Ind AS, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by the ICAI. Ind AS differs in certain material respects from IFRS and US GAAP. See "Risk Factors – External Risk Factors – Risks Related to India – Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as U.S. GAAP and IFRS, which may affect investors' assessments of our Company's financial condition." beginning on page 60.*

*Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year. Financial information for the six months period ended September 30, 2021 and 2020 are not indicative of full year results and are not comparable with the annual financial statements presented in this Draft Red Herring Prospectus.*

*We have included various operational and financial performance indicators in this Draft Red Herring Prospectus, many of which may not be derived from our Restated Consolidated Financial Information. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. For the purposes of this section, for certain analyses we have used historical methodologies and internal categorizations to enable a consistent representation of our business. Such information may vary from similar information publicly disclosed by us in compliance with applicable regulations in India. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of the Restated Consolidated Financial Information and other information relating to our business and operations included in this Draft Red Herring Prospectus.*

*Unless otherwise indicated, the industry-related information contained in this Draft Red Herring Prospectus is derived from the CRISIL Report dated November 2021 which has been commissioned and paid for by our Company for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. We officially engaged CRISIL in connection with the preparation of the CRISIL Report on September 28, 2021. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant financial year.*

*This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 33 and 35, respectively.*

### Overview

We are a leading multi-specialty pediatric and obstetrics and gynecology hospital chain in India, operating 14 hospitals and three clinics in six cities, with a total bed capacity of 1,500 beds, as of September 30, 2021. According to the CRISIL Report (which was commissioned and paid for by our Company in relation to the Offer), we had the highest number of hospital beds amongst comparable players in the maternity and pediatric healthcare delivery sector, as of March 31, 2021. Our core specialties are pediatrics, which includes newborn and pediatric intensive care, pediatric multi-specialty services, pediatric quaternary care (including multi organ transplants); and obstetrics and gynecology, which includes normal and complex obstetric care, multi-disciplinary fetal care, perinatal genetic and fertility care. We established our first pediatric specialty hospital in 1999 in Hyderabad. Since then, under the leadership of Dr. Ramesh Kancharla, our founding Promoter, we have established our reputation as a leader in multi-specialty pediatric services, with strong clinical expertise in managing complex diseases. We have also expanded our operations to include obstetrics and gynecology services, whereby we offer comprehensive perinatal services to patients. As of the date of this Draft Red Herring

Prospectus, five of our hospitals are accredited by NABH and three of our hospitals are certified by EDGE.

We believe that our ability to recruit and retain high caliber medical professionals has been integral to the success of our business. We follow a doctor engagement model whereby most of our core specialists work exclusively at our hospitals on a full-time retainer basis. This model ensures that most of our core specialists are available 24/7 on a roster basis at our hospitals, which is particularly important for children's emergency, neonatal and pediatric intensive care services. As of September 30, 2021, we had 602 full-time doctors and 1,686 part time/visiting doctors. We believe that our full-time doctor model along with a strong middle grade doctor pool ensures seamless healthcare delivery across our hospitals, which has resulted in a high degree of patient satisfaction. A number of our doctors in neonatal, pediatric intensive care, pediatric sub specialties, obstetrics and gynecology are trained or possess qualifications from the United Kingdom, United States, Canada and Australia, which provides us with a competitive advantage. We enter into retainerhip contracts with our newly hired doctors covering the initial two to three year periods, which provides them with stability and makes us a desirable workplace. We have successfully adopted this doctor engagement model across our hospitals, which has led to a high degree of full-time doctor retention (at 81% for the period from April 1, 2019 to March 31, 2021).

In recent years, we have expanded our hospital network and increased our bed capacity from 1,162 beds as of March 31, 2019 to 1,500 beds as of September 30, 2021. Over the same period, we increased the number of hospitals from 10 to 14. We have approached our network expansion with financial prudence and have been disciplined when making financial decisions for capital investments. All our capital investments are carefully deliberated and approved by our experienced Board. Our ability to keep our capital expenditure at economical levels has been an important factor in driving our growth in a profitable manner in prior periods. Going forward, we may seek to expand our hospital network through the acquisition of brownfield assets or development of greenfield assets (depending upon the location of the hospital and the timelines to complete the project).

We follow a hub-and-spoke model in Hyderabad, with our Banjara Hills hospital (comprising 250 beds) being the hub and four spokes at four locations in Hyderabad, namely Secunderabad, LB Nagar, Kondapur and Hydernagar. At our hub hospital, we provide comprehensive outpatient and inpatient care with a focus on tertiary and quaternary care and, at our spokes, we provide secondary care in pediatric, obstetrics and gynecology and emergency services. This model has strengthened our market position in and around Hyderabad, providing us with synergies through referrals for tertiary and quaternary care to our hub arising from the spoke hospitals.

We also plan to increase the scale of our reach to patients through a robust digital ecosystem. In the period from April 1, 2020 to March 31, 2021, driven in part by the movement restrictions arising out of the COVID-19 pandemic, we conducted over 125,000 outpatient video consultations through our video consultation platform. Out of these video consultations, a significant number were from locations where we do not have a physical presence (within India and abroad). Further, some of the patients who consulted through these video consultations subsequently required further treatment on an inpatient basis as well at our hospitals. We believe that there is potential to establish a hybrid model of healthcare delivery, which allows us to provide outpatient consultations through virtual means and subsequent inpatient admissions, if needed, at our network hospitals. We are in the process of building a digital healthcare delivery solution that enables healthcare delivery irrespective of geography.

### **Significant Factors Affecting our Results of Operations**

Our results of operations and financial condition are affected by a number of important factors including:

#### ***Patient Volumes and Specialty Mix***

Our revenue from operations, which comprises revenue from hospital services, revenue from pharmaceutical sales and revenue from medical service fee, is highly dependent on the number of patients who undergo diagnosis and inpatient treatment at our network hospitals. Inpatient and outpatient volumes at our hospitals are driven by, among other things, our brand reputation, the clinical reputation of our doctors, our doctor retention and attrition rates, the competency of our nurses and paramedical staff, the competitive cost of treatment, the types of services offered, the economic and social conditions of local communities, the degree of competition from other hospitals, seasonal illness cycles, climate and weather conditions, negotiations or terminations of corporate contracts, or insurance and third-party relationships.

The following table sets forth our inpatient and outpatient volumes and revenues for the periods indicated:

|                                               | Six Months Ended |          | Financial Year Ended March 31, |          |          |
|-----------------------------------------------|------------------|----------|--------------------------------|----------|----------|
|                                               | September 30,    |          |                                |          |          |
|                                               | 2021             | 2020     | 2021                           | 2020     | 2019     |
| Inpatient volume .....                        | 31,484           | 24,724   | 51,165                         | 66,871   | 53,422   |
| Outpatient volume .....                       | 385,649          | 276,640  | 624,111                        | 941,049  | 787,345  |
| Revenue from operations (₹ in millions) ..... | 5,125.55         | 3,097.83 | 6,500.47                       | 7,193.91 | 5,427.92 |

We experienced declines in both inpatient and outpatient volumes during the financial year 2021 as compared to the financial years 2020 and 2019 primarily due to lockdowns, quarantines and other-travel related restrictions imposed across India during the COVID-19 pandemic. However, we had an increase in patient visits (and, correspondingly, revenues) during the six months ended September 30, 2021, due to the relaxation of COVID-19 related restrictions and the overall resumption of normalcy in our operations. In addition, during this period, we received revenues from the COVID-19 adult vaccination program implemented at our hospitals.

Further, in addition to patient volumes, the performance of our tertiary and quaternary specialties that provide us with higher pricing also has a positive impact on our financial performance. For example, in relation to pediatrics, during the six months ended September 30, 2021, there was an increase in the number of children suffering from multi-system inflammatory syndrome (which occurs post recovery from COVID-19) who were referred to us. Some of these patients were extremely critical and required higher-end intensive care services. Further, in this period, we also received a high number of dengue cases, some of which required intensive care services as well. These services provided us with higher price realization, which also had a positive impact on our revenue from operations for the six months ended September 30, 2021. Going forward, our ability to attract a higher number of tertiary and quaternary cases will have a material impact on our revenues and profitability.

#### **Occupancy Rates, Length of Hospital Stay and Revenue Per Bed**

Our revenues and profitability predominantly depend on our hospital occupancy rates. Hospital occupancy rates are computed as total occupied beds divided by total operational beds (which excludes day care, pre-operative beds, post-operative beds and emergency beds). We closely monitor our occupancy rates and actively manage our facilities and operations to achieve and maintain high occupancy levels. The important factors influencing the occupancy rates of our hospitals include the quality of our hospitals, the strength of our brand and market position, the number, quality, specialization and 24/7 accessibility of our doctors, the competency of our nurses and paramedical staff, the competitive cost of treatment as well as growth in local population and local economic conditions.

In addition to hospital occupancy rates, we also use average length of stay (“ALOS”) and average revenue per occupied bed (“ARPOB”) as indicators of efficiency. We generally witness a higher ALOS in our NICUs as compared to our obstetrics and gynecology services. ALOS and ARPOB are essential measures to provide insight on the operational efficiency, profitability, branding, positioning and marketing effectiveness of our hospitals. During the financial year 2021, the number of pediatric patients was lower than usual due to the COVID-19 pandemic. As a result, during such period, our obstetrics and gynecology services contributed greater to our ARPOB than our pediatric services.

The following table sets forth our occupancy rates, ALOS, ARPOB and income from medical services and healthcare services for the periods indicated:

|                                                                                 | Six Months Ended    |          | Financial Year Ended March 31, |          |          |
|---------------------------------------------------------------------------------|---------------------|----------|--------------------------------|----------|----------|
|                                                                                 | September 30,       |          |                                |          |          |
|                                                                                 | 2021                | 2020     | 2021                           | 2020     | 2019     |
| Occupancy rate <sup>(1)</sup> .....                                             | 43.42%              | 35.57%   | 34.23%                         | 56.27%   | 54.13%   |
| ALOS <sup>(2)</sup> (days).....                                                 | 2.89                | 2.64     | 2.57                           | 3.05     | 3.20     |
| ARPOB <sup>(3)</sup> (₹ per day) .....                                          | 50,025 <sup>^</sup> | 39,534   | 40,893                         | 29,277   | 26,696   |
| Income from medical and healthcare services <sup>(4)</sup> (₹ in millions)..... | 5,097.33            | 3,054.18 | 6,399.87                       | 7,072.06 | 5,326.21 |

<sup>^</sup>Includes revenue generated from COVID-19 vaccination.

Notes:

- (1) Occupancy rate means number of beds occupied divided by number of operational census beds (i.e. excluding day care, pre-operative beds, post-operative beds and emergency beds) as of the last day of the relevant period/year.



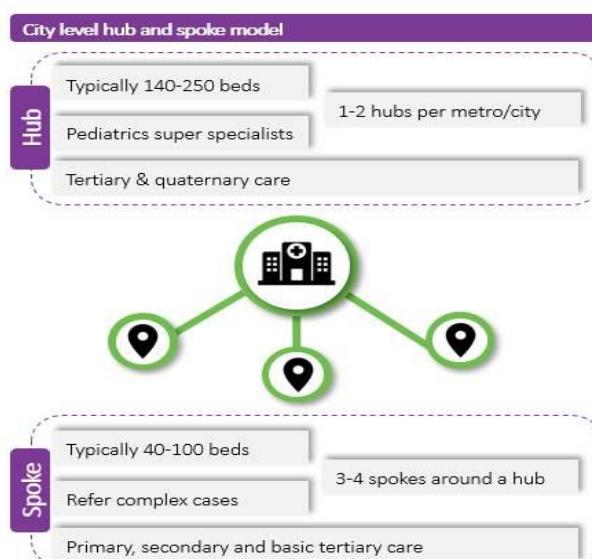
- (2) “**ALOS**” means average of length of stay, which is the total length of stay days for a period/year divided by inpatient volume for such period/year. Length of stay day is based on daily midnight bed count.
- (3) “**ARPOB**” means average revenue per occupied bed, which is operational revenue from inpatients per day divided by the total length of stay days.
- (4) Income from medical and healthcare services comprises revenue from hospital services, revenue from pharmaceutical sales and revenue from medical service fee.

### **Expansion of our Hospital Network**

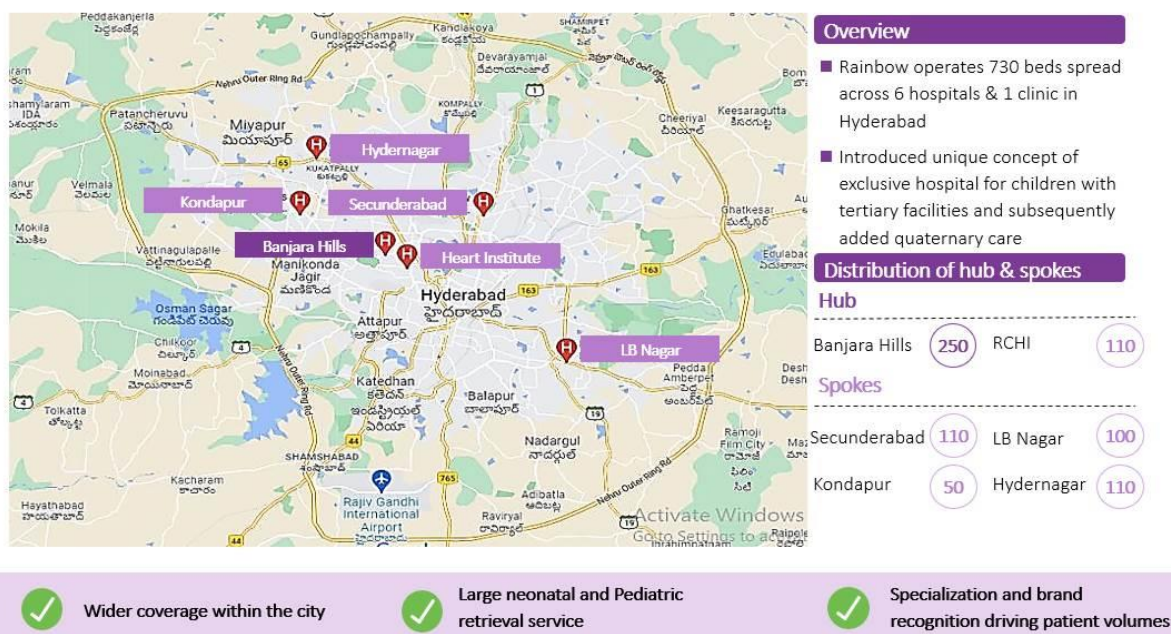
We have grown our business by establishing new hospitals, acquisition of standalone hospitals and expanding or upgrading our existing facilities. Since establishing our first pediatric specialty hospital in 1999 in Hyderabad, we have expanded our operations to 14 hospitals and three clinics across six cities in India with a bed capacity of 1,500 beds as of September 30, 2021. Since April 1, 2019, we have grown our hospital network through (i) the establishment of three new hospitals i.e., Rainbow Children’s Heart Institute, Hyderabad, Rainbow Children’s Hospital & Birthright – Hebbal, in Bengaluru and Rainbow Children’s Hospital & Birthright at Visakhapatnam, and (ii) the acquisition of an existing hospital, Rosewalk Luxury Hospital for Women in Delhi. For further details, please see “*Our Business – Our Strategy - Grow our presence through creating hub and spoke networks across key geographic clusters and new locations*” on page 181.

Going forward, we plan to continue leveraging our experience gained over the last two decades in hospital operations and management to expand our hospital network and extend the reach of our services in both our existing geographies and to new locations. We believe that a large part of our growth and success is attributable to our hub and spoke model, in which our flagship “hub” hospital in a particular city provides comprehensive outpatient and inpatient care with a focus on tertiary and quaternary care, and our spokes provide secondary care in pediatric, obstetrics and gynecology and emergency services. This model provides patients access to high quality super-specialty care in the hub hospital, while at the same time providing access to general pediatrics and obstetrics services closer to home at the spokes. We believe that the model is also financially optimal, due to the ability to set up spokes at lower costs and concentrating super specialty consultant skills at the hub hospital. This model has enabled us to evolve over the past two decades from a single secondary care hospital in Hyderabad to six hospitals in the city, with the ability to offer tertiary and quaternary care at our hub. We have initiated our hub and spoke model in Bengaluru, which is witnessing traction. We plan to replicate this model in Chennai and New Delhi by adding spoke hospitals in these cities. Further, we are also exploring options to grow organically in newer locations in Andhra Pradesh, Tamil Nadu, North East India and in neighboring countries.

The following diagram summarizes our hub and spoke model:



Our hub and spoke model has helped us scale our presence in Hyderabad, as demonstrated in the map below:



The expansion of our hospital network would create additional network effects and synergies within our hospitals, which could increase our revenue base and enhance the operating efficiencies of our hospital network. However, the expansion of our hospital network, organically or inorganically, involves significant investments. In addition, a newly established hospital typically has a ramping up period (particularly with respect to patient volumes and occupancy rates) and may operate at a loss for a certain period before achieving profitability. Much of the infrastructure for a new facility must be put in place before a facility commences operations and many operating expenses are required to be incurred regardless of patient intake. The length of the ramping up period is subject to various factors, including whether we can integrate a new medical institution into our business quickly and successfully, as well as other factors that are not within our control. During such ramping up period, such hospital will not contribute towards our profitability and will thus negatively impact our results of operations. Therefore, the financial performance of a newly added hospital may adversely affect our overall operating margins in the short- to medium- term. With the experience we have accumulated over the years in developing new hospitals, we have been able to achieve operational break-even (i.e., a stage where a hospital's operating revenues are sufficient to cover operating expenses) at our recent hospitals in each city at a relatively faster rate.

When we add hospitals already in operation to our network through acquisitions, the hospital may continue to operate profitably during the phase of integration into our network, though we may incur additional short-term costs and expenses related to the hospital's integration into our network, such as additional employee benefit expenses, consultancy expenses for additional doctors, expenses to align administrative processes and rebranding expenses.

Further, our ability to acquire or build and operate a new hospital, or expand our existing hospitals, will be subject to various factors that may involve 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. In addition to the costs relating to the development or acquisition of the hospital, we typically take a number of steps, such as increasing our marketing efforts at the initial stages, when we add a hospital to our network. These efforts often result in additional costs relating to the offered services, facilities and medical staff. Historically, we have strived to maintain a balanced portfolio of mature, developing and planned hospitals. Our hub hospitals that have been in operation for more than five years include our hospitals at Hyderabad and Bangalore, at which we have achieved economies of scale, established a strong brand and effectively managed operational risk. The expansion of our hospital network has and will continue to affect our results of operations and financial condition.

### ***Expenses Relating to our Medical Professionals and Employees***

Our cost of operations have historically been significantly affected by expenses relating to our medical professionals and other employees, which primarily comprises salaries, wages and bonus paid to our full-time

staff and professional fees paid to doctors who have consulting arrangements with us. For the six months ended September 30, 2021 and 2020 and the financial years 2021, 2020 and 2019, our total expenses amounted to ₹4,102.68 million, ₹2,835.00 million, ₹6,046.14 million, ₹6,363.81 million and ₹4,936.18 million, respectively. For the same periods, our employee benefits expense amounted to ₹552.09 million, ₹487.51 million, ₹1,020.94 million, ₹1,089.71 million and ₹857.40 million, respectively, representing 13.46%, 17.20%, 16.89%, 17.12% and 17.37% of our total expenses, respectively. For the same periods, our professional charges amounted to ₹967.58 million, ₹752.90 million, ₹1,594.55 million, ₹1,674.28 million and ₹1,266.64 million, respectively, representing 23.58%, 26.56%, 26.37%, 26.31% and 25.66% of our total expenses, respectively. The increase in employee benefits expenses were driven by increases in the average salary of our employees and the increase in our number of employees. The increase in professional charges were primarily driven by the increase in the professional fees of doctors. The professional fees that we pay to doctors are paid on a variable basis and are dependent on the volume of business at our hospitals (as the professional fee is calculated based on the volume of patients attended to by the relevant doctor).

Our ability to attract and retain specialist doctors is critical to our success and we expect fees paid to our doctors to increase as our patient volumes and revenue from operations increase. The healthcare industry is relatively labor intensive, where salaries and wages and other operating expenses have shown an upward trend. In addition, when we set up a new hospital or expand an existing hospital, even if patient volumes and occupancy rates are yet to reach target levels, we strive to provide the full range of services and maintain the necessary doctors and medical staff to operate the hospital in anticipation of increased patient volumes. This further increases our employee benefits expenses and professional charges, and these expenses will represent a higher percentage of our expenses and revenue in respect of such new hospitals, but will exhibit a declining trend when the hospitals reach maturity. We try to offset the effects of increasing operating costs by measures such as expanding our range of services, increasing occupancy rates and operational efficiencies, continuing to focus on high-end quaternary care, rationalizing manpower and implementing other cost control measures.

#### ***Expenses Relating to our Purchase of Medical Consumables and Pharmacy Items***

Purchase of medical consumables and pharmaceutical items represents one of our significant expenses. This includes expenses related to the procurement of medical consumables, pharmaceuticals and other items for the provision of healthcare services and related GST, customs duty (for imported medicines), other government taxes and freight charges. For the six months ended September 30, 2021 and 2020 and the financial years 2021, 2020 and 2019, our total expenses amounted to ₹4,102.68 million, ₹2,835.00 million, ₹6,046.14 million, ₹6,363.81 million and ₹4,936.18 million, respectively. For the same periods, our expenses relating to medical consumables and pharmacy items consumed amounted to ₹1,228.84 million, ₹485.94 million, ₹1,032.62 million, ₹1,053.14 million and ₹802.13 million, respectively, representing 29.95%, 17.14%, 17.08%, 16.55% and 16.25% of our total expenses, respectively. The prices of medical consumables and pharmaceutical items are driven by various factors, including but not limited to market demand, competition among suppliers and pricing policies of the government (which specify caps on the price of consumables and pharmacy items). Further, in recent periods, we have also seen an increase in the price of medical consumables and pharmacy items relating to COVID-19, owing to the increased demand for such items.

We select our suppliers based on quality, price, company history, service levels and delivery capability. Our supply chain management team reviews our suppliers on a regular basis and accords approval for purchases in consultation with the relevant specialization doctors. Our centralized purchase process efficiently undertakes the purchase of our supplies (including medicines) and equipment for our hospitals. In recent periods, we have started using the services of aggregators that are able to aggregate our requirements and deliver supplies to us.

In the six months ended September 30, 2021 and 2020 and the financial years 2021, 2020 and 2019, purchases attributable to our five largest suppliers accounted for ₹825.84 million or 63.98%, ₹137.96 million or 31.66%, ₹288.49 million or 29.62%, ₹287.86 million or 25.19% and ₹176.67 million or 21.75%, respectively, of our total purchases of pharmaceuticals and medical consumables. The purchases for the six months ended September 30, 2021 include COVID-19 vaccination purchases, which amounted to ₹738.31 million or 57.20% of our total purchases of pharmaceuticals and medical consumables for such period. Excluding COVID-19 vaccination purchases, our five largest suppliers for the six months ended September 30, 2021 accounted for ₹181.36 million or 32.82% of our total purchases of pharmaceuticals and medical consumables. We expect that, while prices for pharmaceuticals and consumables will increase in the future, improved economies of scale in procurement may partially offset the increase in the cost of pharmaceuticals and consumables.

## **Government Regulations and Policies**

We operate in a highly regulated industry and are subject to extensive laws, rules and regulations in the geographies where we conduct our hospital operations or in which we intend to expand our operations, and we are required to obtain a number of approvals and licenses from governmental and regulatory authorities such as in relation to the establishment and operation of our hospitals, procurement and operation of medical equipment, storage and sale of pharmaceutical and consumable items and in the conducting of academic and training courses. Given our hospitals are situated at multiple locations, we are subject to various and extensive local laws, rules and regulations that cover many aspects of our business including in relation to, among other things, the establishment and operation of private medical care establishments. In addition, the qualification and practicing activities of our healthcare professionals are strictly regulated by applicable laws, regulations, policies and guidelines, as well as by applicable codes of professional conduct or ethics. We are also subject to laws and regulations governing relationships with our employees, in areas such as minimum wage and maximum working hours, overtime, working conditions, hiring and separation of employees. For a description of the regulations to which we are subject, see “Key Regulations and Policies” on page 203.

These government regulations can significantly impact our results of operations and continued growth. For example, any capping of treatment costs at private hospitals imposed by the government, or concessional or free medical treatment required to be provided by our hospitals would adversely impact our revenues. Regulations related to price control on specified services and procedures may also dictate the operational mix and volume of services that we provide, which could also impact our results of operations. Profit margins at our onsite pharmacies are also affected by government policies which regulate pricing of items sold at our pharmacies or utilized in medical procedures in our hospitals. The possibility of future regulatory interventions by the Government is an existing challenge for healthcare service providers in India. Any failure or non-compliance to adequately monitor compliance may subject us to penalties, fines, or suspension of any of our hospitals’ licenses.

See also “Risk Factors – Internal Risk Factors – Risks Related to our Business –We operate in a regulated industry, and compliance with applicable safety, health, environmental, labor and other regulations, or failure to obtain or renew approvals, licenses, registrations and permits, may adversely affect our business, results of operations and cash flows. Further, adverse regulatory changes in the healthcare industry could also adversely affect our business, results of operations and cash flows.” on page 38.

## **Significant Accounting Policies**

### ***Basis of Preparation***

Our Restated Consolidated Financial Information have been prepared specifically in connection with the Offer. Our Restated Consolidated Financial Information have been prepared in accordance with the requirements of Section 26 of part I of Chapter III of the Companies Act, the relevant provisions of the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI.

Our Restated Consolidated Financial Information have been compiled from: (i) our Company’s Audited Special Purpose Interim Restated Consolidated Financial Information as at and for the six months period ended September 30, 2021 and 2020 prepared in accordance with Ind AS, and (ii) our Company’s Audited Restated Consolidated Financial Information as at and for the year ended March 31, 2021, 2020 and 2020 prepared in accordance with Ind AS.

### ***Use of Estimates and Judgments***

In preparing our Restated Consolidated Financial Information, our management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. Changes in estimates are reflected in the financial estimates in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

### ***Business Combination***

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-

controlling interests in the acquiree. For each business combination, our Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 – Income Tax and Ind AS 19 – Employee Benefits respectively.
- Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 – Income Tax and Ind AS 19 – Employee Benefits respectively.

When our Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

### ***Principles of Consolidation***

Subsidiaries are entities controlled by our Company. Control is achieved when our Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, our Company controls an investee if and only if our Company has (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect its returns.

Our Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when our Company obtains control over that entity and ceases when our Company loses control over the entity. Assets, liabilities, income and expenses of an entity acquired or disposed of during the year are included in these Restated Consolidated Financial Information from the date our Company gains control until the date our Company ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

### ***Measurement of Fair Values***

Group accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) In the principal market for the asset or liability or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by our Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of an asset or a liability, our 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 a different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## **Financial Instruments**

### *Recognition*

Our Company initially recognized financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

- Financial assets carried at amortised cost. A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order 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.
- Financial assets at fair value through other comprehensive income. A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.
- Financial assets at fair value through profit or loss. A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.
- Financial liabilities. Financial liabilities are subsequently carried at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### *Derecognition*

- Financial assets. Our Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which our Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If our Company enters into transactions whereby it transfers assets recognized 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 derecognized.
- Financial liabilities. Our Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. Our Company also derecognizes 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 recognized at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognized in the statement of profit and loss.

### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, our Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.

## **Property, Plant and Equipment**

Items of property, plant and equipment are measured at cost (which includes capitalized borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any. The cost on item of property, plant and equipment comprises its purchase price, taxes, duties, freight and any other directly attributable costs of bringing the assets to their working condition for their intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labor

and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net in the consolidated statement of profit and loss.

#### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to our Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the consolidated statement of profit and loss as incurred.

#### *Depreciation*

Depreciation on property, plant and equipment (other than for those class of assets specifically mentioned below) is calculated on a straight-line basis as per the useful life prescribed and in the manner laid down under Schedule II to the Companies Act 2013 and additions and deletions are restricted to the period of use. Depreciation is charged to consolidated statement of profit and loss. The estimated useful lives of our property, plant and equipment are as follows:

|                        | <b>Management's estimated<br/>useful life</b> | <b>Useful life under Schedule<br/>II of the Companies Act</b> |
|------------------------|-----------------------------------------------|---------------------------------------------------------------|
| Buildings              | 60 years                                      | 60 years                                                      |
| Medical equipments     | 7 years                                       | 13 years                                                      |
| Plant and equipments   | 15 years                                      | 15 years                                                      |
| Office equipments      | 5 years                                       | 5 years                                                       |
| Vehicles               | 5 years                                       | 8 years                                                       |
| Computers              | 3 years                                       | 3 years                                                       |
| Furniture and Fixtures | 10 years                                      | 10 years                                                      |

If management's estimate of the useful life of a property, plant and equipment is different than that envisaged in the aforesaid Schedule, depreciation is provided based on management's estimate of the useful life. Pursuant to this policy, depreciation on the following class of property, plant and equipment has been provided at the rates based on the following useful lives of property, plant and equipment as estimated by management which is different from the useful life prescribed under Schedule II of the Companies Act, 2013:

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted if appropriate.

An intangible asset is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the restated consolidated statement of profit and loss, when the asset is derecognized.

#### ***Goodwill***

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, our Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our Company's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

### ***Impairment of Assets***

#### ***Impairment of financial assets***

Our Company recognizes loss allowances for expected credit losses on financial assets measured at amortised cost and trade receivables. At each reporting date, our Company assesses whether these financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

At each reporting date, our Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Our Company measures loss allowances at an amount equal to lifetime expected credit losses. Our Company evaluates the collectability of the financial assets on an on-going basis and write-off the financial assets when they are deemed to be uncollectible.

- Measurement of expected credit losses. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to our Company in accordance with the contract and the cash flows that our Company expects to receive).
- Presentation of allowance for expected credit losses in the balance sheet. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.
- Write-off. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with our Company's procedures for recovery of amounts due.

#### ***Impairment of non-financial assets***

Our Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units ("CGUs"). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset). Our Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate



independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

### ***Inventories***

Inventories are measured at the lower of cost and net realizable value. Cost includes all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable. Our Company follows the weighted average method for determining the cost of such inventories. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on an item-by-item basis.

### ***Employee Benefits***

#### ***Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if our Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

#### ***Post-employment benefit***

- **Defined contribution plans.** A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Our Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in statement of profit or loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payment is available.
- **Defined benefit plans.** A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Our Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for our Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

### ***Revenue Recognition***

Our Company's revenue from medical and healthcare services comprises income from hospital services and sale of pharmacy items. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which our Company expects to be entitled in exchange for those goods or services.

Income from hospital services is recognized as revenue when the related services are rendered unless significant future uncertainties exist. The performance obligations for this stream of revenue include accommodation, surgery, medical/clinical professional services, food and beverages, investigation and supply of pharmaceutical and related products. Medical service fee is recognized when the related services are rendered unless significant future uncertainties exist. Income from sale of pharmacy and sale of food and beverages is recognized when it transfers control over a good or service to the customer, generally on delivery and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Revenue is measured based on the transaction price, which is the fixed consideration adjusted for components of variable consideration which constitutes discounts, estimated disallowances and any other rights and obligations as specified in the contract with the customer. In determining the transaction price for the hospital services, our Company considers the effects of variable consideration, the existence of significant financing components,

non-cash consideration, and consideration payable to the customer (if any). Revenue also excludes taxes collected from customers and deposited back to the respective statutory authorities. Revenue is recognized at the point in time for the outpatient hospital services when the related services are rendered at the transaction price. With respect to the inpatients hospital services who are undergoing treatment/ observation on the balance sheet date, revenue is recognized over the period to the extent of services rendered.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to our 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. Interest income is included in other income in the Restated Consolidated Statement of profits and losses

Dividend income is recognized when the right to receive payment is established.

### ***Leases***

Our Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Our Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if our Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if our Company is reasonably certain not to exercise that option. In assessing whether our Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for our Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Our Company revises the lease term if there is a change in the non- cancellable period of a lease.

#### ***Group as a lessee***

Our Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Our Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets.** Our Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right of- use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss. If ownership of the leased asset transfers to our Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
- **Lease liabilities.** At the commencement date of the lease, our Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by our Company and payments of penalties for terminating the lease, if the lease term reflects our Company exercising the option to terminate.

In calculating the present value of lease payments, The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, our Company uses incremental borrowing rate as at the commencement of lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in

the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liability and right-of-use asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

### ***Income Tax***

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

#### ***Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

#### ***Deferred tax***

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, our Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred tax assets recognized or unrecognized, are reviewed at each reporting date and are recognized / reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which our Company expects, at the reporting date, 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 realized simultaneously.

### ***Contingent Liabilities and Contingent Assets***

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of

outflow of resources is remote.

Contingent assets are neither recognized nor disclosed in our Restated Consolidated Financial Information. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

### ***Borrowings***

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless our Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### ***Foreign Currencies***

Transactions in foreign currencies are initially recorded by our Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of our Company's monetary items at the closing rates are recognized as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### ***Cash and Cash Equivalents***

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Where bank overdrafts/ cash credits which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### ***Estimation of Uncertainties Relating to COVID-19***

Our Company has considered the possible effects that may result from the COVID-19 pandemic on the carrying amounts of receivables, loans, intangibles, inventories and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, our Company, as at the date of approval of our Restated Consolidated Financial Information has used internal and external sources of information. Our Company has performed sensitivity analysis on the assumptions used and based on current estimates, our Company expects to fully recover the carrying amount of receivables, loans, intangibles, inventories and investments. As the outbreak continues to evolve, our Company will continue to closely monitor any material changes to future economic conditions.

### ***Key Components of our Statement of Profit and Loss***

The following descriptions set forth information with respect to the key components of our profit and loss statements.

#### ***Income***

*Revenue from operations.* Revenue from operations comprises (i) income from medical and healthcare services, which includes revenue from hospital services, pharmacy sales and medical service fees, and (ii) other operating income. Medical service fees relate to income from providing healthcare services to the inpatients of Madhukar Rainbow Children's Hospital, New Delhi, as per the medical service agreement entered into by our Company with the Madhukar Trust (for further details, please see "Our Business – Description of Our Business – Our

*Hospital – Our Hospitals in New Delhi, Delhi”* on page 187). Other operating income primarily comprises income from sale of food and beverages, academic receipts and medical service fee received from cord blood banks at our hospitals.

*Other income.* Other income primarily comprises interest income on financial assets carried at amortised cost, which primarily includes interest income earned from bank deposits; inter-corporate deposits (“ICDs”) from certain subsidiaries; and other financial assets carried at amortised cost. Other financial assets on which we earn interest income include current investments in quoted mutual funds.

## **Expenses**

Expenses comprise medical consumables and pharmacy items consumed, employee benefits expense, finance costs, depreciation and amortisation expense and other expenses.

*Medical consumables and pharmacy items consumed.* Medical consumables and pharmacy items consumed primarily reflect the cost of procuring medical consumables, pharmaceuticals and other items necessary for the provision of healthcare services during the year, as adjusted for existing inventory.

*Employee benefits expense.* Employee benefits expense primarily comprises salaries, wages and bonus. It also includes contribution to provident and other funds and staff welfare expenses.

*Finance costs.* Finance costs primarily comprises interest expense on lease liabilities and interest cost on financial liabilities measured at amortised cost, which includes interest payments on term loans from banks and non-convertible debentures.

*Depreciation and amortisation expense.* Depreciation and amortisation expense consists of depreciation on property, plant and equipment (such as buildings, medical equipment, plant and equipment, office equipment, vehicles, computers, and furniture and fixtures), depreciation of right-of-use assets and amortisation of intangible assets (such as software).

*Other expenses.* The largest component of other expenses is professional charges, which are professional fees paid to our medical consultants that have consulting arrangements with us. Other key components of other expenses include repairs and maintenance, contract wages, power and fuel, lab and investigations, canteen expenses, and business promotion and advertisement expenses.

The following tables set forth a breakdown of our expenses and each item as a percentage of total expenses for the periods indicated:

|                                                      | For the Six Months Ended September 30, |                |                 |                |
|------------------------------------------------------|----------------------------------------|----------------|-----------------|----------------|
|                                                      | 2021                                   |                | 2020            |                |
|                                                      | (₹ in millions, except percentages)    |                |                 |                |
| Medical consumables and pharmacy items consumed..... | 1,228.84                               | 29.95%         | 485.94          | 17.14%         |
| Employee benefits expense.....                       | 552.09                                 | 13.46%         | 487.51          | 17.20%         |
| Finance costs.....                                   | 253.36                                 | 6.18%          | 200.84          | 7.08%          |
| Depreciation and amortisation expense .....          | 398.51                                 | 9.71%          | 353.54          | 12.47%         |
| Other expenses.....                                  | 1,669.88                               | 40.70%         | 1,307.17        | 46.11%         |
| <b>Total expenses .....</b>                          | <b>4,102.68</b>                        | <b>100.00%</b> | <b>2,835.00</b> | <b>100.00%</b> |

|                                                       | For the Financial Year Ended March 31, |                |                 |                |                 |                |
|-------------------------------------------------------|----------------------------------------|----------------|-----------------|----------------|-----------------|----------------|
|                                                       | 2021                                   |                | 2020            |                | 2019            |                |
|                                                       | (₹ in millions, except percentages)    |                |                 |                |                 |                |
|                                                       |                                        |                |                 |                |                 |                |
| Medical consumables and pharmacy items consumed ..... | 1,032.62                               | 17.08%         | 1,053.14        | 16.55%         | 802.13          | 16.25%         |
| Employee benefits expense.....                        | 1,020.94                               | 16.88%         | 1,089.71        | 17.12%         | 857.40          | 17.37%         |
| Finance costs.....                                    | 440.63                                 | 7.29%          | 446.06          | 7.01%          | 390.24          | 7.91%          |
| Depreciation and amortisation expense .....           | 733.38                                 | 12.13%         | 694.11          | 10.91%         | 603.16          | 12.22%         |
| Other expenses.....                                   | 2,818.57                               | 46.62%         | 3,080.79        | 48.41%         | 2,283.25        | 46.25%         |
| <b>Total expenses .....</b>                           | <b>6,046.14</b>                        | <b>100.00%</b> | <b>6,363.81</b> | <b>100.00%</b> | <b>4,936.18</b> | <b>100.00%</b> |

## **Tax Expense**

Our tax expense consists of current tax and deferred tax.

## Our Results of Operations

The following tables set forth our selected financial data from our restated consolidated statement of profit and loss for the six months ended September 30, 2021 and 2020 and the financial years 2021, 2020 and 2019, the components of which are also expressed as a percentage of total income for such periods:

|                                                      | For the Six Months Ended September 30, |                |                 |                |
|------------------------------------------------------|----------------------------------------|----------------|-----------------|----------------|
|                                                      | 2021                                   |                | 2020            |                |
|                                                      | (₹ in millions, except percentages)    |                |                 |                |
| <b>Income:</b>                                       |                                        |                |                 |                |
| Revenue from operations .....                        | 5,125.55                               | 98.65%         | 3,097.83        | 98.17%         |
| Other income .....                                   | 70.37                                  | 1.35%          | 57.84           | 1.83%          |
| <b>Total income</b> .....                            | <b>5,195.92</b>                        | <b>100.00%</b> | <b>3,155.67</b> | <b>100.00%</b> |
| <b>Expenses:</b>                                     |                                        |                |                 |                |
| Medical consumables and pharmacy items consumed..... | 1,228.84                               | 23.65%         | 485.94          | 15.40%         |
| Employee benefits expense .....                      | 552.09                                 | 10.63%         | 487.51          | 15.45%         |
| Finance costs.....                                   | 253.36                                 | 4.88%          | 200.84          | 6.36%          |
| Depreciation and amortisation expense .....          | 398.51                                 | 7.67%          | 353.54          | 11.20%         |
| Other expenses.....                                  | 1,669.88                               | 32.14%         | 1,307.17        | 41.42%         |
| <b>Total expenses</b> .....                          | <b>4,102.68</b>                        | <b>78.96%</b>  | <b>2,835.00</b> | <b>89.84%</b>  |
| <b>Profit before tax</b> .....                       | <b>1,093.24</b>                        | <b>21.04%</b>  | <b>320.67</b>   | <b>10.16%</b>  |
| <b>Tax expenses:</b>                                 |                                        |                |                 |                |
| Current tax .....                                    | 309.35                                 | 5.95%          | 134.85          | 4.27%          |
| Deferred tax expense/(credit).....                   | (28.29)                                | (0.54)%        | (47.33)         | (1.50)%        |
| <b>Total tax expense</b> .....                       | <b>281.06</b>                          | <b>5.41%</b>   | <b>87.52</b>    | <b>2.77%</b>   |
| <b>Profit for the period</b> .....                   | <b>812.18</b>                          | <b>15.63%</b>  | <b>233.15</b>   | <b>7.39%</b>   |

|                                                       | For the Financial Year Ended March 31, |                |                 |                |                 |                |
|-------------------------------------------------------|----------------------------------------|----------------|-----------------|----------------|-----------------|----------------|
|                                                       | 2021                                   |                | 2020            |                | 2019            |                |
|                                                       | (₹ in millions, except percentages)    |                |                 |                |                 |                |
|                                                       |                                        |                |                 |                |                 |                |
| <b>Income:</b>                                        |                                        |                |                 |                |                 |                |
| Revenue from operations .....                         | 6,500.47                               | 98.45%         | 7,193.91        | 98.58%         | 5,427.92        | 98.48%         |
| Other income .....                                    | 102.63                                 | 1.55%          | 103.46          | 1.42%          | 83.52           | 1.52%          |
| <b>Total income .....</b>                             | <b>6,603.10</b>                        | <b>100.00%</b> | <b>7,297.37</b> | <b>100.00%</b> | <b>5,511.44</b> | <b>100.00%</b> |
| <b>Expenses:</b>                                      |                                        |                |                 |                |                 |                |
| Medical consumables and pharmacy items consumed ..... | 1,032.62                               | 15.64%         | 1,053.14        | 14.43%         | 802.13          | 14.55%         |
| Employee benefits expense .....                       | 1,020.94                               | 15.46%         | 1,089.71        | 14.93%         | 857.40          | 15.56%         |
| Finance costs.....                                    | 440.63                                 | 6.67%          | 446.06          | 6.11%          | 390.24          | 7.08%          |
| Depreciation and amortisation expense ....            | 733.38                                 | 11.11%         | 694.11          | 9.51%          | 603.16          | 10.94%         |
| Other expenses.....                                   | 2,818.57                               | 42.69%         | 3,080.79        | 42.22%         | 2,283.25        | 41.43%         |
| <b>Total expenses .....</b>                           | <b>6,046.14</b>                        | <b>91.57%</b>  | <b>6,363.81</b> | <b>87.21%</b>  | <b>4,936.18</b> | <b>89.56%</b>  |
| <b>Profit before tax .....</b>                        | <b>556.96</b>                          | <b>8.43%</b>   | <b>933.56</b>   | <b>12.79%</b>  | <b>575.26</b>   | <b>10.44%</b>  |
| Tax expenses:                                         |                                        |                |                 |                |                 |                |
| Current tax .....                                     | 239.12                                 | 3.62%          | 434.28          | 5.95%          | 179.92          | 3.26%          |
| Deferred tax expense/(credit).....                    | (77.84)                                | (1.18)%        | (54.12)         | (0.74)%        | (50.56)         | (0.92)%        |
| <b>Total tax expense.....</b>                         | <b>161.28</b>                          | <b>2.44%</b>   | <b>380.16</b>   | <b>5.21%</b>   | <b>129.36</b>   | <b>2.35%</b>   |
| <b>Profit for the year .....</b>                      | <b>395.68</b>                          | <b>5.99%</b>   | <b>553.40</b>   | <b>7.58%</b>   | <b>445.90</b>   | <b>8.09%</b>   |

### Six Months Ended September 30, 2021 Compared to Six Months Ended September 30, 2020

**Total income:** Total income increased by 64.65% to ₹5,195.92 million for the six months ended September 30, 2021 from ₹3,155.67 million for the six months ended September 30, 2020 primarily due to an increase in revenue from operations, as discussed below.

**Revenue from operations:** Revenue from operations increased by 65.46% to ₹5,125.55 million for the six months ended September 30, 2021 from ₹3,097.83 million for the six months ended September 30, 2020 primarily due to increases in:

- revenue from hospital services to ₹4,558.92 million from ₹2,575.65 million, which was mainly driven by an increase in total patient volumes to 417,133 patients from 301,364 patients. The increase in patient volumes was driven by the easing/lifting of lockdowns, quarantines and other travel restrictions which were imposed in various parts of India during the COVID-19 pandemic during the period ended September 2020. During the six months ended September 30, 2021, we also experienced an increased demand for services related to high-risk pregnancies and COVID-19 affected pregnancies. Due to our reputation of dealing with complex and high-risk pregnancies, we received a significant volume of such high-risk pregnancies at our hospitals. These high-risk pregnancies resulted in higher average revenue per patient in obstetrics and neonatology during the six months ended September 30, 2021, compared to the six months ended September 30, 2020. In addition, there was an increase in secondary care pediatrics in the six months ended September 30, 2021, compared to the six months ended September 30, 2020, as dengue cases increased at our hospitals in Telangana, Andhra Pradesh and Tamil Nadu which resulted in higher occupancies during the six months ended September 30, 2021. Some of these cases also required intensive care, which resulted in higher revenues. Further, there was an increase in the number of children suffering from multi-system inflammatory syndrome (which occurs post recovery from COVID-19) who were referred to us. Some of these patients were extremely critical and required higher-end intensive care services. We also experienced an increase in non-COVID-19 respiratory illnesses (flu) during this period, which also resulted in higher revenues; and
- revenue from pharmacy sales to ₹451.52 million from ₹402.24 million, which was mainly driven by an increase in outpatient volumes to 385,649 outpatients from 276,640 outpatients and administration of COVID-19 vaccinations, pursuant to the government's COVID-19 vaccination program.

Other income: Other income increased by 21.66% to ₹70.37 million for the six months ended September 30, 2021 from ₹57.84 million for the six months ended September 30, 2020.

Total expenses: Total expenses increased by 44.72% to ₹4,102.68 million for the six months ended September 30, 2021 from ₹2,835.00 million for the six months ended September 30, 2020 primarily due to an increase in medical consumables and pharmacy items consumed, employee benefits expense and other expenses, as discussed below.

Medical consumables and pharmacy items consumed: Medical consumables and pharmacy items consumed increased by 152.88% to ₹1,228.84 million for the six months ended September 30, 2021 from ₹485.94 million for the six months ended September 30, 2020 driven by the increase in our patient volumes. In addition, we also incurred incremental costs towards COVID-19 vaccines, PPE kits and other related consumables in the six months ended September 30, 2021. There was also an increase in the price of COVID-19 related consumables in this period, due to an increased demand for such consumables.

Employee benefits expense: Employee benefits expense increased by 13.25% to ₹552.09 million for the six months ended September 30, 2021 from ₹487.51 million for the six months ended September 30, 2020. Employee benefits expense primarily comprises salaries, wages and bonus, which increased to ₹512.83 million from ₹452.09 million mainly due to an increase in our number of employees to 2,894 employees as of September 30, 2021 from 2,802 employees as of September 30, 2020. The increase in employees was driven by opening of two new hospitals in financial year 2021 at Hebbal, Bengaluru and Health City, Vishakhapatnam and shifting to larger premises for our hospital at Vikramপুরi, Hyderabad. In addition, we also provided annual increments to our employees in the six months ended September 30, 2021.

Finance costs: Finance costs increased by 26.15% to ₹253.36 million for the six months ended September 30, 2021 from ₹200.84 million for the six months ended September 30, 2020 primarily due to an increase in interest expense on lease liabilities ₹231.49 million from ₹174.36 million, which was driven by additional lease agreements we entered into.

Depreciation and amortisation expense: Depreciation and amortisation expense increased by 12.72% to ₹398.51 million for the six months ended September 30, 2021 from ₹353.54 million for the six months ended September 30, 2020. This was primarily due to an increase in depreciation on property, plant and equipment to ₹249.74 million from ₹213.11 million, and an increase in depreciation of right-of-use assets to ₹145.06 million from ₹133.47 million. These increases related to the addition of assets on account of the opening of two new hospitals during financial year 2021, (i) Rainbow Children's Hospital & Birthright, Health City in Visakhapatnam, at which we began operations in December 2020 and (ii) Rainbow Children's Hospital & Birthright – Hebbal in Bengaluru, at which we began operations in October 2020. Further, we also moved from an old facility to a new facility for our hospital at Vikramপুরi, Hyderabad in May 2021.

**Other expenses:** Other expenses increased by 27.75% to ₹1,669.88 million for the six months ended September 30, 2021 from ₹1,307.17 million for the six months ended September 30, 2020. Professional charges, which is the largest component of our other expenses, increased to ₹967.58 million from ₹752.90 million primarily due to increase in our patient volumes and our business overall, as professional charges are paid to our doctors on a variable basis, depending upon the volume of patients attended to by them. Other key components of our other expenses that increased were (i) contract wages, which increased to ₹103.71 million from ₹78.40 million primarily due to the hiring of additional contractual employees to address the increased patient volumes, (ii) business promotion and advertisement expenses, which increased to ₹78.36 million from ₹35.14 million primarily due to increased branding and marketing activities initiated after the easing of COVID-19 restrictions, (iii) power and fuel, which increased to ₹85.34 million from ₹64.41 million primarily due to an increase in occupancy in existing units and commencement of operations at two new hospitals in Fiscal 2021 at Hebbal, Bengaluru and Health City, Vishakhapatnam and shifting to larger premises for our hospital at Vikrampur, Hyderabad, and (iv) communication expenses, which increased to ₹29.50 million from ₹9.07 million due to data center services availed.

**Tax expenses:** Our total tax expense increased by 221.14% to ₹281.06 million for the six months ended September 30, 2021 from ₹87.52 million for the six months ended September 30, 2020. For the six months ended September 30, 2021, we had a current tax expense of ₹309.35 million and a deferred tax credit of ₹28.29 million. For the six months ended September 30, 2020, we had a current tax expense of ₹134.85 million and a deferred tax credit of ₹47.33 million. Our effective tax rate (which represents total tax expense expressed as a percentage of profit before tax for the relevant period) was 25.71% and 27.29% for the six months ended September 30, 2021 and 2020, respectively.

**Profit for the period:** As a result of the foregoing, our profit for the period increased by 248.35% to ₹812.18 million for the six months ended September 30, 2021 from ₹233.15 million for the six months ended September 30, 2020.

### ***Financial Year 2021 Compared to Financial Year 2020***

**Total income:** Total income decreased by 9.51% to ₹6,603.10 million for the financial year 2021 from ₹7,297.37 million for the financial year 2020 primarily due to a decrease in revenue from operations.

**Revenue from operations:** Revenue from operations decreased by 9.64% to ₹6,500.47 million for the financial year 2021 from ₹7,193.91 million for the financial year 2020 primarily due to decreases in:

- revenue from hospital services to ₹5,380.07 million from ₹5,969.28 million, which was mainly driven by a decrease in total patient volumes to 675,276 patients from 1,007,920 patients. Our inpatient volumes decreased to 51,165 patients from 66,871 patients and outpatient volumes decreased to 624,111 patients from 941,049 patients. These decreases were primarily due to the impact of the COVID-19 related lockdowns and movement restrictions. In addition, the number of pediatric and elective surgeries were also lower during financial year 2021, as patients/parents elected to defer such surgeries; and
- revenue from pharmacy sales to ₹858.48 million from ₹940.22 million, which was mainly driven by a decrease in outpatient volumes, owing primarily to COVID-19 related lockdowns and movement restrictions.

**Other income:** Other income slightly decreased to ₹102.63 million for the financial year 2021 from ₹103.46 million for the financial year 2020.

**Total expenses:** Total expenses decreased by 4.99% to ₹6,046.14 million for the financial year 2021 from ₹6,363.81 million for the financial year 2020 primarily due to decreases in other expenses and employee benefits expense, offset by an increase in depreciation and amortisation expense.

**Medical consumables and pharmacy items consumed:** Medical consumables and pharmacy items slightly decreased to ₹1,032.62 million in the financial year 2021 from ₹1,053.14 million in the financial year 2020 primarily due to the reduction in patient volumes, partially offset by an increase in cost of supplies during the COVID-19 pandemic.

**Employee benefits expense:** Employee benefits expense decreased by 6.31% to ₹1,020.94 million for the financial year 2021 from ₹1,089.71 million for the financial year 2020 primarily due to a decrease in salaries,



wages and bonus to ₹949.77 million from ₹1,011.55 million, which was mainly attributable to a decrease in our number of employees to 2,621 employees as of March 31, 2021 from 3,085 employees as of March 31, 2020. The decrease in employees was driven due by initiatives taken by us towards optimizing and rationalizing our manpower, on account of the COVID-19 pandemic.

Finance costs: Finance costs slightly decreased to ₹440.63 million in the financial year 2021 from ₹446.06 million in the financial year 2020 primarily due to lower interest cost on financial liabilities and lower interest expense on lease liabilities.

Depreciation and amortisation expense: Depreciation and amortisation expense increased by 5.66% to ₹733.38 million for the financial year 2021 from ₹694.11 million for the financial year 2020 primarily due to increases in (i) depreciation on property, plant and equipment to ₹450.71 million from ₹416.11 million, and (ii) depreciation of right-of-use assets to ₹271.20 million from ₹257.88 million. These increases related to the addition of assets on account of the opening of two new hospitals, namely (i) Rainbow Children's Hospital & Birthright, Health City in Visakhapatnam, at which we began operations in December, 2020 and (ii) Rainbow Children's Hospital & Birthright – Hebbal in Bengaluru, at which we began operations in October, 2020.

Other expenses: Other expenses decreased by 8.51% to ₹2,818.57 million for the financial year 2021 from ₹3,080.79 million for the financial year 2020. Professional charges, which is the largest component of our other expenses, decreased to ₹1,594.55 million from ₹1,674.28 million primarily due to lower patient volumes during the COVID-19 pandemic. Other key components of our other expenses that decreased were (i) business promotion and advertisement expenses, which decreased to ₹90.49 million from ₹140.63 million, due to our initiative to conserve cash, (ii) repairs and maintenance expenses for plant and equipment and others, which decreased to ₹202.40 million from ₹244.27 million, (iii) canteen expenses, which decreased to ₹111.69 million from ₹138.72 million, and (iv) power and fuel expenses, which decreased to ₹138.42 million from ₹148.64 million. These decreases were partially offset by increases in (i) lab and investigations expenses to ₹120.28 million from ₹95.01 million, and (ii) contract wages to ₹171.69 million from ₹164.54 million.

Tax expenses: Our total tax expense decreased by 57.58% to ₹161.28 million for the financial year 2021 from ₹380.16 million for the financial year 2020 due to (i) a decrease in current tax expense to ₹239.12 million from ₹434.28 million, which was attributable to a decrease in profit before tax to ₹556.96 million from ₹933.56 million and (ii) an increase in deferred tax credit to ₹(77.84) million from ₹(54.12) million. Further, we adopted the lower applicable tax rate of 25.168% in the financial year 2021 as compared to 34.944% in the financial year 2020, due to which our effective tax rate (which represents total tax expense expressed as a percentage of profit before tax for the relevant year) was 28.96% and 40.72% for the financial years 2021 and 2020, respectively.

Profit for the year: As a result of the foregoing, our profit for the year decreased by 28.50% to ₹395.68 million for the financial year 2021 from ₹553.40 million for the financial year 2020.

### ***Financial Year 2020 Compared to Financial Year 2019***

Total income: Total income increased by 32.40% to ₹7,297.37 million for the financial year 2020 from ₹5,511.44 million for the financial year 2019 primarily due to increases in revenue from operations and other income.

Revenue from operations: Revenue from operations increased by 32.54% to ₹7,193.91 million for the financial year 2020 from ₹5,427.92 million for the financial year 2019 primarily due to increases:

- revenue from hospital services to ₹5,969.28 million from ₹4,565.61 million, which was mainly driven by an increase in total patient volumes to 1,007,920 patients from 840,767 patients (our inpatient volumes increased to 66,871 from 53,422 and outpatient volumes increased to 941,049 from 787,345); and
- revenue from pharmacy sales to ₹940.22 million from ₹693.67 million, which was mainly driven by an increase in outpatient volumes.

The increase in patient volumes were primarily on account of our hospitals in Bengaluru and Hyderabad attaining maturity as well as the full year impact of operations of our hospital in Chennai (at which we began operations in November, 2018), being recorded in the financial year 2020. The increase in revenue from operations was also partially attributable to an increase in revenue from medical service fees to ₹162.56 million

from ₹66.93 million as a result of an increase in healthcare services rendered to Madhukar Rainbow Children's Hospital pursuant to our medical service fees agreement with the Madhukar Trust (for further details, please see "Our Business – Description of Our Business – Our Hospital – Our Hospitals in New Delhi, Delhi").

Other income: Other income increased by 23.87% to ₹103.46 million for the financial year 2020 from ₹83.52 million for the financial year 2019 primarily due to an increase in interest income earned on deposits amounting to ₹56.91 million from ₹39.90 million, which was mainly attributable to an increase in investments in bank deposits from surplus funds.

Total expenses: Total expenses increased by 28.92% to ₹6,363.81 million for the financial year 2020 from ₹4,936.18 million for the financial year 2019 primarily due to increases in other expenses, medical consumables and pharmacy items consumed and employee benefit expenses.

Medical consumables and pharmacy items consumed: Medical consumables and pharmacy items consumed increased by 31.29% to ₹1,053.14 million in the financial year 2020 from ₹802.13 million in the financial year 2019 due to an increase in consumption of medical consumables and pharmacy items during the year to ₹1,142.93 million from ₹812.31 million, which was mainly attributable to the increase in total patient volumes.

Employee benefits expense: Employee benefits expense increased by 27.09% to ₹1,089.71 million for the financial year 2020 from ₹857.40 million for the financial year 2019 primarily due to an increase in salaries, wages and bonus to ₹1,011.55 million from ₹790.41 million, which was mainly attributable to an increase in our number of employees to 3,085 employees as of March 31, 2020 as compared to 2,880 employees as of March 31, 2019. The increase in employees was mainly due to additional manpower required for operations at our new hospital in Chennai as well as a general increase in operational volumes at our other hospitals.

Finance costs: Finance costs increased by 14.30% to ₹446.06 million in the financial year 2020 from ₹390.24 million in the financial year 2019 primarily due to (i) higher interest cost on financial liabilities, which was driven by the incurrence of a full year's interest cost on non-convertible debentures issued by us in July 2018, and (ii) higher interest expense on lease liabilities, which was primarily driven by additional lease contracts entered into by us, specifically Rosewalk Luxury Hospital for Women in Delhi in June 2019 and Rainbow Specialty Hospital Private Limited in Hyderabad in June 2019.

Depreciation and amortisation expense: Depreciation and amortisation expense increased by 15.08% to ₹694.11 million for the financial year 2020 from ₹603.16 million for the financial year 2019 primarily due to increases in depreciation on property, plant and equipment and depreciation of right-of-use assets, which was related to the addition of assets on account of the aforementioned opening of two new hospitals in Delhi and Hyderabad.

Other expenses: Other expenses increased by 34.93% to ₹3,080.79 million for the financial year 2020 from ₹2,283.25 million for the financial year 2019. Professional charges, which is the largest component of our other expenses, increased to ₹1,674.28 million from ₹1,266.64 million primarily due to higher patient volumes and the recruitment of additional consultant doctors for our two new hospitals. Other key components of our other expenses that increased were (i) repairs and maintenance expenses for plant and equipment and others, which increased to ₹244.27 million from ₹119.32 million, (ii) canteen expenses, which increased to ₹138.72 million from ₹94.77 million, (iii) business promotion and advertisement expenses, which increased to ₹140.63 million from ₹113.54 million, (iv) power and fuel expenses, which increased to ₹148.64 million from ₹123.53 million, (v) contract wages, which increased to ₹164.54 million from ₹150.37 million, and (vi) lab and investigations expenses, which increased to ₹95.01 million from ₹79.97 million.

Tax expenses: Our total tax expense significantly increased to ₹380.16 million for the financial year 2020 from ₹129.36 million for the financial year 2019 due to an increase in current tax expense to ₹434.28 million from ₹179.92 million, which was attributable to an increase in profit before tax to ₹933.56 million from ₹575.26 million. This was partially offset by an increase in deferred tax credit to ₹(54.12) million from ₹(50.56) million. Our effective tax rate (which represents total tax expense expressed as a percentage of profit before tax for the relevant year) was 40.72% and 22.49% for the financial years 2020 and 2019, respectively. The effective tax rate for financial year 2020 is higher as compared to financial year 2019 as the available minimum alternative tax (MAT) credit was charged during financial year 2020 on account change in taxation laws.

Profit for the year: As a result of the foregoing, our profit for the year increased by 24.11% to ₹553.40 million for the financial year 2020 from ₹445.90 million for the financial year 2019.

## Liquidity and Capital Resources

Our primary source of liquidity is cash generated from operations. As of September 30, 2021, we had cash and cash equivalents of ₹282.18 million, bank balances other than cash and cash equivalents of ₹1,068.37 million and borrowings (current and non-current) of ₹427.28 million.

Our financing requirements are primarily for working capital and investments in our business such as capital expenditures. We expect that cash flow from revenue from operations will continue to be our principal source of cash in the long-term. We evaluate our funding requirements periodically in light of our net cash flow from operating activities, the requirements of our business and operations, and potential acquisition opportunities.

### Cash Flows

The following table summarizes our cash flows data for the periods indicated:

|                                                                        | For the Six Months<br>Ended September 30, |             | For the Financial Year Ended<br>March 31, |              |              |
|------------------------------------------------------------------------|-------------------------------------------|-------------|-------------------------------------------|--------------|--------------|
|                                                                        | 2021                                      | 2020        | 2021                                      | 2020         | 2019         |
|                                                                        | (₹ in millions)                           |             |                                           |              |              |
| Net cash flow from operating activities.....                           | 1,478.99                                  | 595.03      | 1,427.14                                  | 1,704.07     | 1,272.42     |
| Net cash used in investing activities.....                             | (850.40)                                  | (259.33)    | (828.80)                                  | (1,170.31)   | (1,168.89)   |
| Net cash used in financing activities .....                            | (402.99)                                  | (330.31)    | (608.73)                                  | (518.13)     | (86.92)      |
| <b>Net increase/(decrease) in cash and cash equivalents.</b>           | <b>225.60</b>                             | <b>5.39</b> | <b>(10.39)</b>                            | <b>15.63</b> | <b>16.61</b> |
| Cash and cash equivalents at the beginning of the<br>period/year ..... | 56.58                                     | 66.97       | 66.97                                     | 51.34        | 34.73        |
| Cash and cash equivalents at the end of the period/year .              | 282.18                                    | 72.36       | 56.58                                     | 66.97        | 51.34        |

#### Net cash flow from operating activities

Net cash flow from operating activities was ₹1,478.99 million in the six months ended September 30, 2021. We had profit before tax of ₹1,093.24 million in the six months ended September 30, 2021, which was primarily adjusted for depreciation and amortisation expense amounting to ₹398.51 million, finance costs amounting to ₹253.36 million and interest income on financial assets carried at amortised cost amounting to ₹(46.67) million. After further adjustments for working capital, which primarily comprised an increase in trade payables amounting to ₹106.60 million, an (increase) in inventories amounting to ₹(62.00) million and an (increase) in trade receivables amounting to ₹(78.41) million, cash generated from operations in the six months ended September 30, 2021 was ₹1,693.95 million.

Net cash flow from operating activities was ₹1,427.14 million in the financial year 2021. We had profit before tax of ₹556.96 million for the financial year 2021, which was primarily adjusted for depreciation and amortisation expense of ₹733.38 million, finance costs of ₹440.63 million and interest income on financial assets carried at amortised cost of ₹(90.41) million. After further adjustments for working capital, which primarily comprised a decrease in inventories of ₹58.80 million, an increase in financial liabilities and provisions of ₹52.51 million, a (decrease) in trade payables of ₹(48.22) million and an (increase) in trade receivables of ₹(30.77) million, cash generated from operations in the financial year 2021 was ₹1,692.03 million.

Net cash flow from operating activities was ₹1,704.07 million in the financial year 2020. We had profit before tax of ₹933.56 million for the financial year 2021, which was primarily adjusted for depreciation and amortisation expense of ₹694.11 million, finance costs of ₹446.06 million and interest income on financial assets carried at amortised cost of ₹(97.40) million. After further adjustments for working capital, which comprised an (increase) in trade receivables of ₹(145.99) million, an (increase) in financial and other assets of ₹(111.36) million, an increase in financial liabilities and provisions of ₹74.56 million, an increase in trade payables of ₹149.19 million, and an (increase) in inventories of ₹(89.79) million, cash generated from operations in the financial year 2020 was ₹1,905.18 million.

Net cash flow from operating activities was ₹1,272.42 million in the financial year 2019. We had profit before tax of ₹575.26 million for the financial year 2019, which was primarily adjusted for depreciation and amortisation expense of ₹603.16 million, finance costs of ₹390.24 million and interest income on financial assets carried at amortised cost of ₹(68.61) million. After further adjustments for working capital, which primarily comprised an (increase) in trade receivables of ₹(175.19) million, an increase in trade payables of ₹157.53 million, a (decrease) in financial liabilities and provisions of ₹(23.63) million and an (increase) in

financial and other assets of ₹(43.96) million, cash generated from operations in the financial year 2019 was ₹1,418.26 million.

#### *Net cash used in investing activities*

Net cash used in investing activities was ₹(850.40) million in the six months ended September 30, 2021. This was primarily due to investment in mutual funds placed, net amounting to ₹(347.84) million, purchase of property, plant and equipment and intangibles including capital advances and capital work-in-progress amounting to ₹(263.26) million, inter-corporate deposit placed during the period amounting to ₹(197.13) million and bank deposits (placed) with maturity of more than three months, net amounting to ₹(151.53) million.

Net cash used in investing activities was ₹(828.80) million in the financial year 2021. This was primarily due to purchase of property, plant and equipment and intangibles including capital advances and capital work-in-progress of ₹(761.03) million, inter-corporate deposit placed during the year of ₹(221.75) million and proceeds from sale/(investments) in unquoted equity instruments of ₹(80.00) million, partially offset by inter-corporate deposit realized during the year of ₹202.95 million.

Net cash used in investing activities was ₹(1,170.31) million in the financial year 2020. This was primarily due to purchase of property, plant and equipment and intangibles including capital advances and capital work-in-progress of ₹(745.11) million, inter-corporate deposit placed during the year of ₹(612.58) million and bank deposits (placed) with maturity of more than three months, net amounting to ₹(283.41) million, partially offset by inter-corporate deposit realized during the year of ₹454.85 million.

Net cash used in investing activities was ₹(1,168.89) million in the financial year 2019. This was primarily due to purchase of property, plant and equipment and intangibles including capital advances and capital work-in-progress of ₹(874.85) million, bank deposit (placed) with maturity of more than three months, net amounting to ₹(312.73) million and inter-corporate deposit placed during the year of ₹(126.40) million, partially offset by inter-corporate deposit realized during the year of ₹114.09 million.

#### *Net cash used in financing activities*

Net cash used in financing activities was ₹(402.99) million in the six months ended September 30, 2021. This was primarily due to repayment of lease liability (including related interest) amounting to ₹(247.20) million, dividend paid during the period on equity and preference shares, including taxes, amounting to ₹(92.48) million, repayment of long-term borrowings amounting to ₹(51.79) million and interest paid of ₹(22.47) million.

Net cash used in financing activities was ₹(608.73) million in the financial year 2021. This was primarily due to repayment of lease liability (including related interest) of ₹(445.04) million, repayment of long-term borrowings of ₹(52.57) million and interest paid of ₹(52.48) million.

Net cash used in financing activities was ₹(518.13) million in the financial year 2020. This was primarily due to repayment of lease liability (including related interest) of ₹(393.14) million and dividend paid during the year on equity and preference shares, including taxes of ₹(167.29) million.

Net cash used in financing activities was ₹(86.92) million in the financial year 2019. This was primarily due to repayment of lease liability (including related interest) of ₹(372.71) million and dividend paid during the year on equity and preference shares, including taxes of ₹(55.74) million, partially offset by proceeds from long-term borrowings of ₹372.72 million.

#### **Capital Expenditure**

Our capital expenditures primarily relate to the purchase of property, plant and equipment, and amounted to ₹499.52 million, ₹113.27 million, ₹994.66 million, ₹475.51 million and ₹762.80 million for the six months ended September 30, 2021 and 2020 and the financial years 2021, 2020 and 2019, respectively. As of September 30, 2021, we had estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) of ₹124.43 million.

#### **Indebtedness**

As of September 30, 2021, we had borrowings (current and non-current) amounting to ₹427.28 million, which

primarily consisted of non-convertible debentures and term loans from banks. For further details related to our indebtedness, see “*Financial Indebtedness*” beginning on page 369.

### Contractual Obligations

The following table sets forth our the maturity profile of our contractual obligations with definitive payment terms as of September 30, 2021:

|                                            | Carrying amount | Payment due by period |                 |                   | Total            |
|--------------------------------------------|-----------------|-----------------------|-----------------|-------------------|------------------|
|                                            |                 | Within 1 year         | 1 to 5 years    | More than 5 years |                  |
|                                            |                 | (₹ in millions)       |                 |                   |                  |
| Borrowings (current and non-current) ..... | 427.28          | 154.88                | 275.00          | —                 | 429.88           |
| Trade payables .....                       | 641.13          | 641.13                | —               | —                 | 641.13           |
| Other financial liabilities .....          | 278.63          | 278.63                | —               | —                 | 278.63           |
| Lease liabilities .....                    | 4,889.43        | 511.26                | 2,224.35        | 7,189.49          | 9,925.10         |
| <b>Total .....</b>                         | <b>6,236.47</b> | <b>1,585.90</b>       | <b>2,499.35</b> | <b>7,189.49</b>   | <b>11,274.74</b> |

### Contingent Liabilities and Commitments

The following tables set forth our contingent liabilities and capital commitments (unexecuted contracts) as per Ind AS 37, as of September 30, 2021:

| Contingent liabilities                                                        | As of September 30, 2021 |
|-------------------------------------------------------------------------------|--------------------------|
|                                                                               | (₹ in millions)          |
| Demands under dispute                                                         |                          |
| Value added tax, central sales tax and service tax demand under dispute ..... | 32.03                    |
| Luxury tax demand under dispute .....                                         | 18.55                    |
| Claims against us not acknowledged as debt .....                              | 99.71                    |

| Capital commitments                                                                                                    | As of September 30, 2021 |
|------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                                                                                                                        | (₹ in millions)          |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ..... | 124.43                   |

### Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

### Quantitative and Qualitative Analysis of Market Risks

We are exposed to various types of market risks during the normal course of business. The market risks we face are principally related to credit risk, liquidity risk, interest rate risk and foreign exchange risk.

#### Credit Risk

Credit risk is the risk of financial loss to us if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from our receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counter party credit risk is to prevent losses in financial assets. We assess the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

### ***Liquidity Risk***

Liquidity risk is the risk that our Company will not have sufficient cash flows to meet its operating requirements and its financial obligations as they become due. We manage our liquidity profile through the efficient management of existing funds and effective forward planning for future funding requirements. We aim to maintain the level of our cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. We also monitor the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. We seek to maintain funding flexibility through an adequate amount of committed credit lines which can be drawn upon as and when required.

### ***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. Our exposure to interest rate risk primarily arises from our long-term borrowings and bank deposits. Interest rate risk exists with respect to our indebtedness that bears interest at floating rates tied to certain benchmark rates as well as borrowings where the interest rate is reset based on changes in interest rates set by RBI. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors. Upward fluctuations in interest rates increase the cost of servicing existing and new debts, which adversely affects our results of operations and cash flows.

### ***Foreign Exchange Risk***

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The majority of our assets are located in India and the Indian Rupee is our Company's functional currency. Our exposure to foreign exchange risk primarily arises from our imports from Europe and the United States which are mainly in Euros and U.S. Dollars. We do not generally enter into arrangements to hedge against foreign exchange risk.

### **Unusual or Infrequent Events or Transactions**

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

### **Known Trends or Uncertainties**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in “— *Significant Factors Affecting Our Results of Operations*” and the uncertainties described in “*Risk Factors*”, beginning on pages 368 and 35, respectively. Except as disclosed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

### **Future Relationship between Cost and Revenue**

Other than as described above and in “*Risk Factors*” and “*Our Business*” beginning on pages 35 and 174, respectively, to our knowledge, there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

### **New Products or Business Segments**

Except as disclosed in this Draft Red Herring Prospectus, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

### **Supplier or Customer Concentration**

For details of our supplier concentrations, please see “*Risk Factors – Internal Risk Factors – Risks Related to our Business – We rely on third-party suppliers, manufacturers and services providers for our supplies and*

*equipment and other services. Failure of such third parties to meet their obligations could adversely affect our business, results of operations and cash flows.” on page 47.*

While a significant percentage of our patients are served by our hospitals in Hyderabad and Bengaluru, see *“Risk Factors – Internal Risk Factors – Risks Related to our Business – Our revenues are highly dependent on our hospitals in Hyderabad and Bengaluru. We are also significantly dependent on certain specialties for a majority of our revenues. Any impact on the revenues from these hospitals or specialties could materially affect our business, financial condition, results of operations and cash flows.”* on page 42, we have a wide customer base and do not have any material dependence on any particular customer.

### **Competitive Conditions**

For information on our competitive conditions and our competitors, see *“Risk Factors”* and *“Our Business”* beginning on pages 35 and 174, respectively.

### **Seasonality**

Our business is affected by seasonality and we typically have fewer patient visits during the months of March to May and during the school examination and vacation periods. During these periods, patients are less likely to schedule or seek medical treatment except where necessary

### **Significant Developments Occurring after September 30, 2021**

Except as disclosed in this Draft Red Herring Prospectus and below, there are no circumstances that have arisen since September 30, 2021, the date of the last financial statements included in this Draft Red Herring Prospectus, which materially and adversely affect or is likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

We have conducted a rights issue of 1,928,000 Equity Shares on October 22, 2021 and a bonus issue of 48,167,004 Equity Shares on December 1, 2021. We established the Rainbow Employee Stock Option Scheme 2021, which was approved pursuant to the resolutions passed by our Board on November 27, 2021 and by our Shareholders on November 30, 2021. For further details, see *“Capital Structure – Notes to the Capital Structure – Share Capital History of the Company – Equity Share Capital”* and *“Capital Structure – Notes to the Capital Structure – Employee Stock Option Scheme”* on pages 87 and 94, respectively.

## FINANCIAL INDEBTEDNESS

We have availed of loans and financing facilities in the ordinary course of business. For the purposes of the Offer, we have obtained the necessary consents from, and provided intimations to, the requisite lenders in terms of the documentation governing their borrowings.

As on November 30, 2021, we had outstanding borrowings of ₹ 400.00 million.

A brief summary of our financial indebtedness as of November 30, 2021 is set out below:

| (₹ in million)             |                   |                     |
|----------------------------|-------------------|---------------------|
| Nature of Borrowing        | Amount Sanctioned | Amount Outstanding* |
| <i>Secured Borrowings</i>  |                   |                     |
| Non-convertible debentures | 500.00            | 400.00              |
| <b>Total</b>               | <b>500.00</b>     | <b>400.00</b>       |

\* As certified by Madhu Mantri & Associates, Chartered Accountants, pursuant to their certificate dated December 23, 2021.

Principal terms of the borrowings availed by our Company and our Subsidiaries are disclosed below:

1. *Interest:* With respect to our Company's outstanding non-convertible debentures ("NCDs"), the fixed coupon rate is 9.5% p.a.
2. *Tenor:* The redemption period of the NCDs is 96 months.
3. *Security:* The NCDs are secured by (i) first ranking mortgage over fixed assets of the Company; and (ii) first ranking floating charge by way of hypothecation over current assets of the Company.
4. *Pre-payment and premature redemption:* For NCDs, our Company is entitled to voluntarily pre-pay the NCDs on and from June 30, 2023.
5. *Penalty:* For NCDs, in case of any default in payment, the debenture holders are entitled to additional interest at 2% per annum on the outstanding face value of the non-convertible debentures for the period during which the coupon amount is outstanding.
6. *Restrictive Covenants:* The NCDs contain certain reserved matters, for which prior consent of the NCD holders is required. An indicative list of such reserved matters is disclosed below:
  - Any change in the capital structure of our Company, including issuance of any securities and/or conducting any buy back or reduction of capital;
  - Amending the constitutional documents of our Company;
  - Issuance or allotment of any fresh securities or permitting any capital restructuring, including any changes in the class rights for shares (directly or indirectly);
  - List or de-list the shares of our Company or any subsidiary on any stock exchange, change their legal status (such as public to private company status), or merge or amalgamate into any listed company other than as provided in the business plan/ annual business plan;
  - Declaration or payment of any dividends or declaration or any other distribution directly or indirectly on account of any equity;
  - Acquiring any assets not provided for in the annual Business Plan/ Business Plan;
  - Commencement of any new line of business which is unrelated to the existing business of our Company; and
  - Create any subsidiary, acquire any company or assets, merge or demerge with or into any corporation, spin off, consolidate, undertake business reorganisation and division of business, or enter into joint ventures other than as provided in the business plan/annual business plan.

The details provided above are indicative and there may be additional terms, conditions and requirements under the specific borrowing arrangements entered into by our Company and / or its Subsidiaries.



## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, as on the date of this Draft Red Herring Prospectus, there are no outstanding (i) criminal proceedings (ii) actions taken by regulatory or statutory authorities; (iii) claims related to any direct or indirect taxes in a consolidated manner, in the event there are any tax matters involving the amount exceeding the materiality threshold, those tax matters have been disclosed individually below; (iv) other pending litigation as determined to be material by our Board as per the Materiality Policy, in each case involving our Company, our Subsidiaries, our Promoters or our Directors (“**Relevant Parties**”); or (v) litigation involving our Group Companies which has a material impact on our Company. Further, except as stated in this section, there are no disciplinary actions, including penalties imposed by SEBI or the stock exchanges, against our Promoter in the last five Fiscals immediately preceding the date of this Draft Red Herring Prospectus including any outstanding action.

For the purposes of (iv) above, in terms of the Materiality Policy adopted by our Board of Directors on December 23, 2021:

- A. Any pending litigation / arbitration proceedings (other than litigations mentioned in point (i) to (iii) and (v) above) involving our Company and our Subsidiaries shall be considered “material” for the purposes of disclosure in this Draft Red Herring Prospectus, if:
- a.) the aggregate monetary claim/ dispute amount/ liability made by or against our Company, its Directors, its Promoters or its Subsidiaries, in any such pending litigation / arbitration proceeding is equal to, or in excess of, 1.0% of our consolidated restated profit after tax, i.e. ₹ 3.96 million, as per the latest fiscal year in the Restated Consolidated Financial Information; or
  - b.) any monetary liability is not quantifiable, or which does not fulfil the threshold as specified in paragraph A(a) above, but the outcome of which could, nonetheless, directly or indirectly, or together with similar other proceedings, have a material adverse effect on our business, operations, performance, prospects, financial position or reputation.
- B. Any pending litigation / arbitration proceedings (other than litigations mentioned in points (i) to (iii) above) involving any person other than the Company, its Directors, its Promoters or its Subsidiaries shall be considered “material” for the purposes of disclosure in the Offer Documents, if, the outcome of such litigation could have a material adverse effect on our business, operations, performance, prospects, financial position or reputation.

Further, pre-litigation notices received by the Company, its Directors, its Promoters or its Subsidiaries from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board of Directors, not be considered as material litigation, until such time that the Company, its Directors, its Promoters or its Subsidiaries is impleaded as a defendant in proceedings before any judicial / arbitral forum.

Further in terms of the Materiality Policy, creditors of our Company to whom amount due by our Company is equal to, or in excess of ₹ 26.86 million, being 5 % of the consolidated trade payables of our Company as at the end of the latest fiscal year included in the Restated Consolidated Financial Statements, would be considered as material creditors.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined herein in a particular litigation disclosure pertain to that litigation only.

#### A. Litigation involving our Company

##### Outstanding criminal litigation against our Company

1. The Drug Inspector, Ameerpet Zone, Hyderabad filed a complaint (2 of 2015) before the III Additional Chief Metropolitan Magistrate, Nampally, Hyderabad, against our Company, Dr. Ramesh Kancharla, Chairperson and Managing Director of the Company, and certain other employees of our Company,

alleging offences under Section 32, Section 18 (a) (vi), Section 22(1) (cca) of the Drugs and Cosmetics Act, 1940, read with Rule 65(4) (4) (i), 65 (4) (3), 18-B, 123, Schedule 'K' of the Drugs and Cosmetics Rules, 1945 punishable under Section 27(d), 28-A & 22(3) of the Drugs and Cosmetics Act, 1940 ("**Complaint**"), alleging that our Company, amongst other things, held and/or stocked certain potent and habit-forming drugs without purchase and sale bills. Our Company has denied all allegations and has filed a petition under Section 482 of Cr.P.C. before the High Court of Hyderabad, seeking to quash the proceedings under the Complaint. The matter is currently pending. ("**Drug Inspector Matter**")

2. Janardan Prasad Shukla ("**Complainant**") filed a complaint dated November 24, 2018 and October 7, 2017 ("**Complaint**") before the Karnataka Medical Council against our Company, Apollo Hospitals and two of our Doctors, namely, Dr. Ambika V and Dr. Mahesh, alleging professional misconduct and non-performance of professional responsibility by Dr. Ambika V and our hospital. The Complainant has prayed that the respondents be summoned and penalized as per the law. Dr. Ambika V has filed her response dated November 16, 2017 denying all allegations made in the Complaint. The matter is still pending.
3. Asha Zabeen ("**Complainant**") filed a complaint (27 of 2019) dated February 8, 2019 before the Karnataka Medical Council ("**KMC**") against our Hospital in Marathalli, Bangalore alleging medical negligence on part of the doctors while providing treatment to the Complainant's child which led to the demise of the child. The Complainant has also raised complaints of absence of senior doctor during critical situation and duplicity in bills. The Company has filed a reply to the notice before the KMC denying the allegations. The matter is currently pending.

#### ***Outstanding criminal litigation by our Company***

4. Our Company filed an FIR no. 1409/2014 ("**FIR**") before the Sub-inspector of Police, PS Banjara Hills, Hyderabad City, alleging that Dr. Ajay Kumar Soni had not paid hospital bills amounting to ₹ 434,719. Pursuant to the FIR, a case in Cr. No. 512/2014 under Section 406 and 420 of the IPC was registered. The matter is currently pending before the court of III Additional Chief Metropolitan Magistrate at Hyderabad.

#### ***Other pending material litigation involving our Company***

##### *Civil proceedings against our Company*

1. Tharuk Karthik Sreeram, Sreeram Vijaya Madhuri ("**C2**") and Master Suryaansh (Collectively, "**Complainants**") filed a consumer complaint (1035 of 2019) against our hospital at Kondapur and one of our doctors before the NCDRC, alleging negligence and deficiency in services in providing diagnosis to C2 ("**Complaint**"). The Complainants have demanded ₹ 32,600,000/- together with 24% interest per annum towards, *inter alia*, medical expenses, compensation and damages for mental agony and harassment, and estimated future expenses. Our Company has replied to the Complaint before the NCDRC and prayed for dismissal of the same. The matter is pending.
2. Shaik Kalesha, ("**Complainant**") filed a consumer complaint (100 of 2021) against our hospital at Kondapur and two of our doctors before the NCDRC alleging negligence in providing treatment to the Complainant ("**Complaint**"). The Complainant has demanded ₹ 5,300,000/-. Our Company has replied to the Complaint before the NCDRC and prayed for dismissal of the same. The matter is pending.
3. A. Madhavi, ("**Complainant**") filed a consumer complaint (204 of 2013) against our hospital at Banjara Hills, Hyderabad and one of our doctors, Dr. A Pranati Reddy, before the State Consumer Disputes Redressal Commission at Hyderabad ("**SCDRC**") alleging negligence in providing treatment to the Complainant ("**Complaint**"). The Complainant has demanded ₹ 4,817,956/-. Our Company has replied to the Complaint before the SCDRC and prayed for dismissal of the same. The matter is pending.
4. M. Prajwala, ("**Complainant**") filed a consumer complaint (40 of 2018) against our hospital at Hospital at Banjara Hills, Hyderabad, Dr. Dinesh Kumar Chirla and two of our other Doctors before the Telangana State Consumer Disputes Redressal Commission alleging negligence in providing treatment to the Complainant ("**Complaint**"). The Complainant has demanded ₹ 10,000,000/-. Our Company has replied to the Complaint before the Telangana Consumer State Redressal Commission and prayed for

dismissal of the same. The matter is currently pending. (“**TSRC Matter**”)

5. Shilpa Datla, (“**Complainant**”) filed a consumer complaint (77 of 2016) against our hospital at Banjara Hills, Hyderabad and one of our doctors, Dr. A. Pranathi Reddy, before the State Consumer Disputes Redressal Commission at Hyderabad (“**SCDR**”) alleging negligence in providing treatment to Complainant’s mother (“**Complaint**”). The Complainant has demanded ₹ 10,000,000/-. Dr. A. Pranathi Reddy has replied to the Complaint before the SCDRC and prayed for dismissal of the same. The matter is pending.
6. B. Ramakrishna, Master Balla Devansh (“**C2**”), Ramakrishna, and Balla Ramya Deepika (“**Complainants**”) filed a consumer complaint (24 of 2018) against our hospital at Currency Nagar, Vijayawada and three of our doctors before the Andhra Pradesh State Consumer Disputes Redressal Commission (“**SCDR**”) alleging negligence in providing treatment for C2 (“**Complaint**”). The Complainant has demanded ₹ 9,800,000. Our Company has replied to the Complaint before the SCDRC and prayed for the dismissal of the Complaint. The matter is pending.
7. B. Dilip Reddy, B. Nikhita Reddy and Master B. Nirav Reddy (“**Appellants**”) filed a first appeal (413 of 2018) before the National Consumers Dispute Redressal Commission (“**NCDRC**”) against the final judgement and order of the Telangana State Consumer Dispute Redressal Commission, in which our hospital in Banjara Hills and four of our doctors were the opposing parties charged with medical negligence and deficiency in service, alleging that the compensation awarded through said order is grossly inadequate (“**Appeal**”). The Appellants have demanded a compensation of ₹ 9,752,760/-. The matter is pending.
8. M/s Skydome Designs (“**Appellant**”) has filed an Arbitration appeal (No. 1796 of 2016) before the Chief Judge City Civil Court, Hyderabad, with our hospital in Banjara Hills as the opposing party, appealing against the award of the Sole Arbitrator alleging that the compensation awarded was inadequate. The arbitration case before the Sole Arbitrator was a claim petition filed by the Appellant against the hospital for illegal termination of Agreement. The total amount claimed in the petition was ₹ 4,878,012.18 of which ₹ 1,900,000/- was awarded. The matter is pending.
9. E Square International (“**Applicant**”) has filed an application to initiate Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 (371 of 2019) before the Hyderabad Bench of National Company Law Tribunal (“**NCLT**”) against the Company. The Applicant is a proprietorship firm into the business of providing various professional/consultancy services that, *inter alia*, include real estate consultancy, property brokering and other allied services. The Applicant had acted as the broker of the Company for lease of a property. As such, the Company owes ₹ 14,691,000 to the Applicant in brokerage, for which an invoice was raised. In view of non-payment of the brokerage, the Applicant issues a demand notice for ₹ 19,289,081. Thereafter, the Applicant filed the application under Section 9 of the Insolvency and Bankruptcy Code. The Company has filed a reply to the Application and denied the claims of the Applicant. The matter is pending.

#### *Civil proceedings by our Company*

1. Our Company filed a civil suit (C.O.S no. 26 of 2018) (“**Suit**”) against Kidz Rainbow Children and Baby Hospital, Dr. S. Raghuram, Dr. R. V. Bharat and Dr. M. Venkata Krishna (“**Defendants**”) before the XXIV Additional Chief Judge (“**Additional Chief Judge**”) at Hyderabad under Section 134 and 135 of Trademarks Act, 1990. By way of the Suit, our Company has alleged that the Defendants had adopted a trademark identical to our Company’s trademark “RAINBOW”, and thereby infringes upon the trademark registered by our Company. Our Company has prayed before the Additional Chief Judge to, amongst other things, (i) grant a decree of permanent injunction restraining the Defendants from using the trademark name “RAINBOW”, and (ii) decree awarding damages up to ₹ 10,000,000. Pursuant thereto, the Defendants have filed a written statement for dismissing the Suit. The matter is pending.
2. Our Company filed a civil suit (C.O.S no. 57 of 2018) (“**Suit**”) against Rainbow Women and Children’s Hospital, Elumalai, Dr. Ramprasath and Dr. Nirmala Ramprasath (“**Defendants**”) before the XXIV Additional Chief Judge (“**Additional Chief Judge**”) at Hyderabad under Section 134 and 135 of Trademarks Act, 1990. By way of the Suit, our Company has alleged that the Defendants had adopted a

trademark identical to our Company's trademark "RAINBOW" and operating a hospital under the name of "Rainbow Women and Children's Hospital", and thereby infringes upon the trademarks registered by our Company. Our Company has prayed before the Additional Chief Judge to, amongst other things, grant (i) a decree of permanent injunction restraining the Defendants from using the trademark name "RAINBOW", and (ii) awarding damages up to ₹ 10,000,000. The matter is pending.

3. Our Company filed a civil suit (C.O.S no. 14 of 2019) ("**Suit**") against Rainbow Super Specialty Hospital, M/s Nellore Healthcare and Research Institute Private Limited and Dr. Nischal Prasad Reddy ("**Defendants**") before the XXIV Additional Chief Judge ("**Additional Chief Judge**") at Hyderabad under Section 134 and 135 of Trademarks Act, 1990. By way of the Suit, our Company has alleged that the Defendants had adopted a trademark identical to our Company's trademark "RAINBOW" and operating a hospital under the name of "Rainbow Super Specialty Hospital", and thereby infringes upon the trademarks registered by our Company. Our Company has prayed before the Additional Chief Judge to, amongst other things, grant (i) a decree of permanent injunction restraining the Defendants from using the trademark name "RAINBOW", (ii) awarding damages up to ₹ 10,000,000, and (iii) for relief and rendition of accounts illegally earned by the Defendants and losses caused to the Company, valued at ₹ 1,000,000. The matter is pending.

## **B. Litigation involving our Promoters**

### ***Outstanding criminal litigation involving our Promoters***

Except as otherwise provided under "*Litigation involving our Directors - Outstanding criminal litigation involving our Directors*", our Promoters are not involved in any outstanding criminal litigation.

### ***Actions by statutory or regulatory authorities against our Promoters***

Nil

### ***Disciplinary action taken against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange***

Nil

### ***Other pending material litigation involving our Promoters***

Except as otherwise provided under "*Litigation involving our Directors*", our Promoters are not involved in any other pending material litigation.

## **C. Litigation involving our Directors**

### ***Outstanding criminal litigation involving our Directors***

Dr. Ramesh Kancharla, our Chairman and Managing Director is a party to the Drug Inspector Matter. Other than the foregoing matter, none of our directors are involved in any outstanding criminal litigation.

### ***Actions by statutory or regulatory authorities against our Directors***

Nil

### ***Other pending material litigation involving our Directors***

Dr. Dinesh Kumar Chirla, our Whole-time Director is a party to the TSRC Matter. Other than the foregoing matter, none of our directors are involved in any other pending material litigation.

## **D. Tax proceedings against our Company, Subsidiaries, Promoters and Directors**

Set out herein below are details of claims relating to direct and indirect taxes involving our Company, Subsidiaries, Promoters and Directors.

| Nature of case      | Number of cases | Demand amount involved* (in ₹ million) |
|---------------------|-----------------|----------------------------------------|
| <b>Our Company</b>  |                 |                                        |
| Direct tax          | Nil             | Nil                                    |
| Indirect tax        | 12              | 147.09                                 |
| <b>Subsidiaries</b> |                 |                                        |
| Direct tax          | Nil             | Nil                                    |
| Indirect tax        | Nil             | Nil                                    |
| <b>Promoter</b>     |                 |                                        |
| Direct tax          | Nil             | Nil                                    |
| Indirect tax        | Nil             | Nil                                    |
| <b>Directors</b>    |                 |                                        |
| Direct tax          | Nil             | Nil                                    |
| Indirect tax        | Nil             | Nil                                    |

\*To the extent quantifiable

1. Our Company received a show cause notice dated April 21, 2021 from Director General of GST Intelligence, Hyderabad Zonal Unit alleging that the promotional and facilitation services provided by our Company to various stem cell banks falls under the definition of ‘services’ and is taxable in terms of Section 66B of the Finance Act, 1994. It was further alleged that our Company is liable to penalty in the terms of section 77 of Central Goods and Service Tax Act, 2017 for failure to assess the service tax liability. Pursuant to the same, vide order dated September 29, 2021, the Joint Commissioner, *inter alia*, (i) confirmed the demand of an amount of ₹ 5,001,606 being the service tax for the period October 2015 to June 2016, along with demand of (ii) interest at applicable rates, (iii) imposed a penalty of ₹ 5,001,606 under Section 78 of the Finance Act, 1994, and (iv) additional penalty of ₹ 10,000 under Section 77 of the Finance Act, 1994. The matter is pending.
2. Our Company received a show cause notice dated November 12, 2021 under Section 73 of the Central Goods and Service Tax Act, 2017 (“**Show Cause Notice**”) from Office of Deputy Commissioner, Telangana (the “**Deputy Commissioner**”) alleging that for the tax period July 2017 to March 2018, our Company had not declared the correct tax liability while filing the annual returns of GSTR-09. Under the said Show Cause Notice, the Deputy Commissioner has assessed the tax liability at ₹ 36,252,394. Our Company has filed its response to the Show Cause Notice and prayed that, *inter alia*, the Show Cause Notice may be dropped.
3. Our Company received a show cause notice dated November 12, 2021 under Section 73 of the Central Goods and Service Tax Act, 2017 (“**Show Cause Notice**”) from Office of Deputy Commissioner, Telangana (the “**Deputy Commissioner**”) alleging that for the tax period April 2018 to March 2019, our Company had not declared the correct tax liability while filing the annual returns of GSTR-09. Under the said Show Cause Notice, the Deputy Commissioner has assessed the tax liability at ₹ 29,572,948. Our Company has filed its response to the Show Cause Notice and prayed that, *inter alia*, the Show Cause Notice may be dropped.
4. Our Company received a show cause notice dated November 12, 2021 under Section 73 of the Central Goods and Service Tax Act, 2017 (“**Show Cause Notice**”) from Office of Deputy Commissioner, Telangana (the “**Deputy Commissioner**”) alleging that for the tax period April 2019 to March 2020, our Company had not declared the correct tax liability while filing the annual returns of GSTR-09. Under the said Show Cause Notice, the Deputy Commissioner has assessed the tax liability at ₹ 48,925,339. Our Company has filed its response to the Show Cause Notice and prayed that, *inter alia*, the Show Cause Notice may be dropped.
5. Pursuant to an inspection conducted by Regional Vigilance and Enforcement Officer, Hyderabad on March 25, 2012, the Commercial Tax Officer, Hyderabad served a show cause notice dated August 14, 2013. Our Company filed objections through letter dated December 22, 2014 and October 9, 2015. Thereafter, the Commercial Tax Officer, Hyderabad, passed an order dated February 8, 2016 assessing balance tax to be paid by our Company at ₹ 4,102,981 (“**Order**”). In the Order, it was alleged that the Company was required

to pay luxury tax on the bed charges from the patients admitted in PICU and NICU wards. Our Company filed a petition, before the High Court of Judicature at Hyderabad (“**High Court**”), under Section 151 of the CPC praying to grant a stay on the proceedings pursuant to the Order. The High Court, through an Order dated March 27, 2016 granted an interim stay on the condition that our Company deposited 50% of the disputed tax amount. In furtherance thereof, our Company deposited with Commercial Tax Officer, Hyderabad an amount of ₹ 2,051,491. The matter is pending.

6. Pursuant to an inspection conducted by Regional Vigilance and Enforcement Officer, Hyderabad on March 25, 2012, the Commercial Tax Officer, Hyderabad, served a show cause notice dated August 14, 2013 (“**Show Cause Notice**”). Through the Show Cause Notice, our Company was asked to show cause as to why luxury tax of ₹ 8,832,887 should not be levied on the value of ₹ 88,328,872 for the assessment year 2012-13. Our Company filed objections by way of letters dated December 21, 2014 and October 9, 2015. Thereafter, the Commercial Tax Officer, Hyderabad, passed an order dated February 8, 2016 assessing balance tax to be paid by our Company at ₹ 4,776,037 (“**Order**”). In the Order, it was alleged that the Company was required to pay luxury tax on the bed charges from the patients admitted in PICU and NICU wards. Our Company filed a petition, before the High Court of Judicature at Hyderabad (“**High Court**”), under Section 151 of the CPC praying to grant a stay on the proceedings pursuant to the Order. The High Court, through an Order dated March 16, 2016 granted an interim stay on the condition that our Company deposited 50% of the disputed tax amount. In furtherance thereof, our Company deposited with Commercial Tax Officer, Hyderabad an amount of ₹ 2,388,019. The matter is pending.

#### **E. Outstanding dues to creditors**

As per the Materiality Policy, a creditor of our Company, shall be considered to be material (“**Material Creditors**”) for the purpose of disclosure in this Draft Red Herring Prospectus, if amounts due to such creditor by our Company is equal to, or in excess of, 5% of the consolidated trade payables of our Company as at the end of the latest fiscal year in the Restated Consolidated Financial Statements (i.e., as at March 31, 2021). Accordingly, a creditor has been considered ‘material’ by our Company if the amount due to such creditor exceeds ₹ 26.86 million as on September 30, 2021. As of September 30, 2021, outstanding dues to Material Creditors, micro, small and medium enterprises and other creditors were as follows:

| S. No. | Type of creditor                            | No. of cases | Amount outstanding<br>(₹ in million) |
|--------|---------------------------------------------|--------------|--------------------------------------|
| 1.     | Dues to micro, small and medium enterprises | 105          | 16.09                                |
| 2.     | Dues to Material Creditor                   | -            | -                                    |
| 3.     | Dues to other creditors                     | 2,829        | 424.26                               |
|        | <b>Total*</b>                               | <b>2,934</b> | <b>440.35</b>                        |

*\*The total number of cases and outstanding value of creditors represents total creditors as per restated financial statements (on a consolidated basis) after reduction of provision for expenses of ₹ 200.78 million.*

The details pertaining to outstanding dues to Material Creditors, along with the name and amount involved for each such Material Creditor, are available on the website of our Company at <https://www.rainbowhospitals.in/investor-relations/#>.

#### **F. Litigation involving the Group Companies**

As on the date of this Draft Red Herring Prospectus, there is no pending litigation involving our Group Companies which will have a material impact on our Company.

#### **G. Material Developments**

Except as disclosed in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 343, there have been no material developments, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances, which materially and adversely affect, or are likely to affect our trading or profitability of our Company or the value of our assets or our ability to pay our liabilities within the next 12 months.

## GOVERNMENT AND OTHER APPROVALS

Disclosed below is an indicative list of material and necessary approvals, licenses and registrations obtained by our Company to undertake their business. In view of such approvals, licenses and registrations, our Company can undertake business activities as currently conducted and disclosed in this Draft Red Herring Prospectus. Except as mentioned below, no further material approvals from any governmental or regulatory authority or any other entity are required to undertake our current business activities. Additionally, unless otherwise stated herein and in the section “Risk Factors” on page 35, these approvals, licenses and registrations are valid as on the date of this Draft Red Herring Prospectus. Certain approvals, licenses and registrations may expire periodically in the ordinary course and applications for renewal of such expired approvals are submitted in accordance with applicable requirements and procedures. For details in connection with the regulatory and legal framework within which we operate, see “Key Regulations and Policies” on page 203.

### I. Approvals in relation to the Offer

For details in relation to the approvals and authorizations in relation to the Offer, see “The Offer” and “Other Regulatory and Statutory Disclosures – Authority for the Offer” on page 67 and 381 respectively.

### II. Incorporation details of our Company and our Subsidiaries

1. Certificate of incorporation dated August 7, 1998 issued by the RoC to our Company, under the name of Rainbow Children’s Medicare Private Limited.
2. Fresh certificate of incorporation dated November 20, 2021 issued by the RoC consequent upon the change of our Company’s name from Rainbow Children’s Medicare Private Limited to Rainbow Children’s Medicare Limited, pursuant to conversion of our Company from a private limited company to a public limited company.
3. The corporate identity number of our Company is U85110TG1998PLC029914.

For further details in relation to incorporation of our Company and our Subsidiaries, see “History and Certain Corporate Matters” on page 215.

### III. Material approvals in relation to our hospitals and clinics

The material registrations and approvals obtained by our Company for our currently operational hospitals and clinic include the following (to the extent applicable):

#### A. Business related approvals

1. Registrations under the Clinical Establishments (Registration and Regulation) Act, 2010 and registration for carrying on operations under the Andhra Pradesh Allopathic Private Medical Care Establishments Registration and Regulation Act, 2002, Tamil Nadu Clinical Establishments, 1997, Delhi Nursing Homes Registration Act, 1953 and under any other applicable state law.
2. Trade license issued by appropriate local municipalities under applicable local municipality laws.
3. Registrations issued by the Atomic Energy Regulatory Board under the Atomic Energy Act, 1962 in relation to, *inter alia*, procurement and operation of medical diagnostic x-ray equipment and other radiation generating installations.
4. Registrations under the Pre-natal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994 in relation to, *inter alia*, genetic counselling, pre-natal diagnostic procedures, pre-natal diagnostic tests, and ultrasonography.
5. Registration under the Medical Termination of Pregnancy Act, 1971 to undertake medical termination of pregnancy in accordance with the relevant laws.
6. Licenses under the Transplantation of Human Organs and Tissues Act, 1994

7. Licenses under the Drugs and Cosmetics Act, 1940 to sell, stock, exhibit for sale or distribute (in retail or wholesale) drugs at our facilities.
8. Licenses under the Drugs and Cosmetics Act, 1940, to establish and operate blood banks for collection, storage and sale of, *inter alia*, whole human blood and its components.
9. Licenses under the Narcotic Drugs and Psychotropic Substances Act, 1985, for possessing and dealing with narcotics and psychotropic substances.

**B. *Environment approvals***

Authorizations under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2016 and the Biomedical Waste Management Rules, 2016.

**C. *Building approvals***

Approvals and licenses under applicable legislations, including, *inter alia*, occupancy certificates, fire NOCs, registrations under Electricity Act, and lift operating certificates from local authorities, as applicable.

**D. *Labor and employment approvals***

1. Registration under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, issued by the Employees' Provident Fund Organization.
2. Registration under the Employees' State Insurance Act, 1948, issued by the Regional Office, Employees State Insurance Corporation of different States.
3. Our Company has obtained State level professional tax registrations and registrations under shops and establishments legislations under applicable State legislations, for our hospitals and clinic. The term of such registrations and renewal requirements may differ under various State legislations.

**E. *Foreign trade approvals***

1. Our Company has obtained Importer-Exporter Code ("IEC") certificate bearing code number 0999004263 issued by the Directorate General of Foreign Trade.

**F. *Other approvals***

In addition, we have also obtained licenses under applicable excise laws to possess and use denatured spirits in our hospitals; registrations under the Food Safety and Standard Act, 2006; registrations of ambulances operated by our hospitals issued by the relevant Regional Transport Office; licenses under the Indian Boilers Act, 1923 to operate boilers; and licenses under the Petroleum Act, 1934 to, *inter alia*, store medical oxygen and for installation, import and storage of petroleum.

**IV. *Tax related approvals of our Company and our Subsidiaries***

1. Our Company's PAN is AABCR4014M.
2. Our Company's tax deduction account number is HYDR00967B.
3. Our Company has been issued GST registration numbers by the Government of India in various states of our operations, as applicable.

**V. *Material approvals or renewals applied for but not received***

| S.No.   | Description | Authority | Date of application |
|---------|-------------|-----------|---------------------|
| Chennai |             |           |                     |



| S.No.                          | Description                                           | Authority                                    | Date of application |
|--------------------------------|-------------------------------------------------------|----------------------------------------------|---------------------|
| 1.                             | Fire and Rescue Service License                       | Director of Fire and Rescue Service, Chennai | October 22, 2020    |
| <i>Vikrampuri</i>              |                                                       |                                              |                     |
| 2.                             | Bio-Medical Waste Authorization                       | State Pollution Control Board                | May 19, 2021        |
| 3.                             | Consent to Operate – Air & Water                      | State Pollution Control Board                | October 22, 2021    |
| <i>LB Nagar, Hyderabad</i>     |                                                       |                                              |                     |
| 4.                             | Allopathic Private Medical Care Establishment License | District Medical & Health Officer            | September 5, 2021   |
| <i>Marathahalli, Bangalore</i> |                                                       |                                              |                     |
| 5.                             | Approval of Blood Storage Centre                      | Drugs and Control Department                 | October 5, 2021     |

**VI. Material approvals expired and renewals yet to be applied for**

*(A) Hospital at Banjara Hills, Hyderabad*

- Provisional trade license under Section 521 and 622 of Hyderabad Municipal Corporation Act, 1955.

*(B) Hospital at LB Nagar, Hyderabad*

- Form C under the Food Safety and Standards Act, 2006.

*(C) Hospital at Chennai*

- Approval of Radiological Safety Officer by Government of India, Atomic Energy Regulatory Board, Radiological Safety Division under the Atomic Energy Act, 1962 and relevant rules made thereunder.
- Lift License issued under Tamil Nadu Lifts and Escalators Act, 1997.

*(D) Clinic at Vijayawada*

- Certificate of Registration of Allopathic Private Medical Care Establishments under the A.P. Allopathic Private Medical Care Establishments Registration and Regulation Act, 2002

*(E) Clinic at Vizag*

- Certificate of Registration of Allopathic Private Medical Care Establishments under the A.P. Allopathic Private Medical Care Establishments Registration and Regulation Act, 2002.

**VII. Material approvals required but yet to be obtained or applied for**

Nil

**VIII. Intellectual Property**

*(a) Registrations obtained by our Company*

As of the date of this Draft Red Herring Prospectus, our Company has registered the trademarks disclosed below:

| S. No. | Description | Trademark Number | Class | Type of Trademark | Valid/Renewed up to |
|--------|-------------|------------------|-------|-------------------|---------------------|
|--------|-------------|------------------|-------|-------------------|---------------------|

| S. No. | Description                                                                         | Trademark Number | Class | Type of Trademark | Valid/Renewed up to |
|--------|-------------------------------------------------------------------------------------|------------------|-------|-------------------|---------------------|
| 1.     |    | 1668727          | 42    | Device            | March 26, 2028      |
| 2.     | RAINBOW                                                                             | 1329767          | 42    | Word              | January 2, 2025     |
| 3.     | RAINBOW HOSPITALS                                                                   | 1940198          | 44    | Word              | March 23, 2030      |
| 4.     |    | 2446921          | 44    | Device            | December 21, 2022   |
| 5.     |    | 2446922          | 44    | Device            | December 21, 2022   |
| 6.     | RAINBOW CRADLE                                                                      | 2093878          | 44    | Word              | February 3, 2031    |
| 7.     |    | 2853577          | 44    | Device            | November 27, 2024   |
| 8.     | Cradle & Kangaroo                                                                   | 2853578          | 44    | Word              | November 27, 2024   |
| 9.     | Kangaroo Cradles                                                                    | 2853579          | 44    | Word              | November 27, 2024   |
| 10.    | Cradle & Cots                                                                       | 2853580          | 44    | Word              | November 27, 2024   |
| 11.    | Birthtimes                                                                          | 2853581          | 44    | Word              | November 27, 2024   |
| 12.    |  | 2883140          | 44    | Device            | January 13, 2025    |
| 13.    | RAINBOW CHILDREN'S HOSPITAL                                                         | 3413835          | 44    | Word              | November 18, 2026   |
| 14.    | RAINBOW CHILDREN'S MEDICARE                                                         | 3413836          | 44    | Word              | November 18, 2026   |
| 15.    | రెయిన్ బో                                                                           | 3852519          | 44    | Device            | June 5, 2028        |
| 16.    | రేగల                                                                                | 3852520          | 44    | Device            | June 5, 2028        |
| 17.    | రేన్ బో                                                                             | 3852522          | 44    | Device            | June 5, 2028        |
| 18.    | రెయిన్ బో                                                                           | 3852523          | 44    | Device            | June 5, 2028        |

For risks associated with our intellectual property please see, “*Risk Factors - We may fail to protect our intellectual property rights and may be exposed to misappropriation and infringement claims by third parties, either of which may have a material adverse effect on our business and reputation*” on page 45.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

#### Corporate Approvals

- Our Board of Directors has authorised the Offer pursuant to a resolution dated December 9, 2021.
- Our Shareholders have approved and authorised the Fresh Issue by way of a special resolution dated December 13, 2021.
- Our Board has approved this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges by way of a resolution dated December 24, 2021.

#### Authorisation by the Selling Shareholders

The Selling Shareholders have, severally and not jointly, confirmed and approved their participation in the Offer for Sale in relation to their respective portion of Offered Shares as follows:

| Sr. no.                              | Name of Selling Shareholder | Number of Equity Shares offered in the Offer for Sale | Date of resolutions             | Date of consent letters |
|--------------------------------------|-----------------------------|-------------------------------------------------------|---------------------------------|-------------------------|
| <b>Promoter Selling Shareholders</b> |                             |                                                       |                                 |                         |
| 1.                                   | Dr. Ramesh Kancharla        | Up to 5,354,630                                       | N.A                             | December 23, 2021       |
| 2.                                   | Dr. Dinesh Kumar Chirla     | Up to 1,926,690                                       | N.A                             | December 23, 2021       |
| 3.                                   | Dr. Adarsh Kancharla        | Up to 1,445,020                                       | N.A                             | December 23, 2021       |
| <b>Investor Selling Shareholders</b> |                             |                                                       |                                 |                         |
| 4.                                   | CDC Group                   | Up to 9,632,876*                                      | September 15, 2021 <sup>^</sup> | December 23, 2021       |
| 5.                                   | CDC India                   | Up to 5,033,236**                                     | November 9, 2021                | December 23, 2021       |
| <b>Other Selling Shareholder</b>     |                             |                                                       |                                 |                         |
| 6.                                   | Padma Kancharla             | Up to 608,448                                         | N.A                             | December 23, 2021       |

\* Includes 1,146,771 CCPS to be converted into equity shares prior to filing of the RHP.

\*\* Includes 1,133,309 CCPS to be converted into equity shares prior to filing of the RHP.

<sup>^</sup> As varied by written communication dated December 15, 2021.

For details, see “The Offer” on page 67.

#### In-principle Listing Approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively.

#### Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of the Promoter Group and the persons in control of our Company, have not been prohibited from accessing the capital markets and have not been debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any other authority/court.

None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Our Company, Promoters, Selling Shareholders or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters or Directors have not been declared as fugitive economic offenders under section 12 of the Fugitive Economic Offenders Act, 2018.

Each Selling Shareholder, severally and not jointly, confirms that it has not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

### **Compliance with the Companies (Significant Beneficial Owners) Rules, 2018**

Our Company, our Promoters and the members of the Promoter Group and the Selling Shareholders (to the extent applicable), severally and not jointly, confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent in force and applicable.

### **Directors associated with the Securities Market in any manner**

None of our Directors are associated with the securities market:

There have been no outstanding actions initiated by SEBI against any of our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

### **Eligibility for the Offer**

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations, as disclosed below.

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% of the net tangible assets are held as monetary assets.
- Our Company has an average operating profit of at least ₹150 million, calculated on a restated consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years.
- Our Company has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated consolidated basis.
- Our Company has not changed its name in the last one year other than for deletion of the word “private” consequent to the conversion from a private limited company to a public limited company.

Our Company’s net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profit and net worth derived from the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus as at, and for the three immediately preceding Financial Years are disclosed below.

*Derived from the Restated Consolidated Financial Information*

(₹ in million)

| Particulars                                                                   | Fiscal   |          |          |
|-------------------------------------------------------------------------------|----------|----------|----------|
|                                                                               | 2021     | 2020     | 2019     |
| Net tangible assets* (A)                                                      | 4,437.71 | 4,038.91 | 3,655.97 |
| Operating profit** (B)                                                        | 894.96   | 1,276.16 | 881.98   |
| Net Worth*** (C)                                                              | 4,454.68 | 4,045.08 | 3,712.56 |
| Monetary assets# (D)                                                          | 946.74   | 972.40   | 765.32   |
| Monetary assets as a percentage of the Net tangible assets## as (E) = (D)/(A) | 21.33%   | 24.08%   | 20.93%   |

Source: Restated Consolidated Statement of Balance Sheet and Restated Consolidated Statement of Profit and Loss of the Company as included in this Draft Red Herring Prospectus under the section “Financial Statements” on page 259.

\*Net Tangible Assets, Restated and consolidated, mean the sum of all net assets of the Issuer and excluding intangible assets, capital work-in-progress (intangible assets under development) each on restated basis and as defined in Indian Accounting Standard 38, and goodwill.

Calculation of restated Net Tangible Assets:

(₹ in million)

| Particulars                                                          | 31 March 2021    | 31 March 2020    | 31 March 2019   |
|----------------------------------------------------------------------|------------------|------------------|-----------------|
| Total assets                                                         | 10,812.67        | 10,192.37        | 9,263.96        |
| Less: Intangible assets (Including Goodwill)                         | 45.18            | 52.73            | 65.23           |
| Less: capital work-in-progress (intangible assets under development) | 0.87             | 1.50             | 0.31            |
| <b>Total (I)</b>                                                     | <b>10,766.62</b> | <b>10,138.14</b> | <b>9,198.42</b> |
| Non-current liabilities                                              | 5,108.13         | 4,799.67         | 4,625.07        |
| Add: Current liabilities                                             | 1,220.78         | 1,299.56         | 917.38          |
| <b>Total (II)</b>                                                    | <b>6,328.91</b>  | <b>6,099.23</b>  | <b>5,542.45</b> |
| <b>Net Tangible Assets (restated and consolidated) (A=I-II)</b>      | <b>4,437.71</b>  | <b>4,038.91</b>  | <b>3,655.97</b> |

\*\*Restated and consolidated Operating Profit has been calculated as restated and consolidated net profit before tax excluding other income and finance cost each on a restated and consolidated basis.

Calculation of restated Operating Profit:

(₹ in million)

| Particulars                                             | March 31, 2021 | March 31, 2020  | March 31, 2019 |
|---------------------------------------------------------|----------------|-----------------|----------------|
| Net Profit before tax                                   | 556.96         | 933.56          | 575.26         |
| Less: Other income                                      | 102.63         | 103.46          | 83.52          |
| Add: Finance costs                                      | 440.63         | 446.06          | 390.24         |
| <b>Operating Profit (restated and consolidated) (B)</b> | <b>894.96</b>  | <b>1,276.16</b> | <b>881.98</b>  |

\*\*\* Restated and consolidated Net Worth has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

Calculation of restated Net Worth:

(₹ in million)

| Particulars                                      | 31 March 2021   | 31 March 2020   | 31 March 2019   |
|--------------------------------------------------|-----------------|-----------------|-----------------|
| Share capital                                    | 549.03          | 549.03          | 549.03          |
| Other equity                                     | 3,914.60        | 3,505.00        | 3,172.48        |
| Less: Capital Reserve                            | 8.95            | 8.95            | 8.95            |
| <b>Net Worth (restated and consolidated) (C)</b> | <b>4,454.68</b> | <b>4,045.08</b> | <b>3,712.56</b> |

# Restated and consolidated Monetary Assets = Cash on hand + balance with bank in current accounts + balance with bank in deposit accounts + other bank balances (including interest accrued on deposits) on restated basis.

Calculation of Monetary Assets

(₹ in million)

| Particulars                                                  | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|--------------------------------------------------------------|----------------|----------------|----------------|
| Cash on hand                                                 | 4.36           | 2.78           | 7.12           |
| Balance with banks:                                          |                |                |                |
| in current accounts                                          | 52.22          | 64.19          | 44.22          |
| in deposit accounts                                          |                |                |                |
| Other bank balances (including interest accrued on deposits) | 890.16         | 905.43         | 713.98         |
| <b>Total monetary assets (restated and consolidated) (D)</b> | <b>946.74</b>  | <b>972.40</b>  | <b>765.32</b>  |

*## 'Monetary as restated as a percentage of the Net Tangible Assets' means Monetary Assets as restated divided by Net Tangible Assets, as restated, expressed as a percentage.*

We are currently eligible to undertake the Offer as per Rule 19(2)(b) of the SCRR read with Regulations 6(1) of the SEBI ICDR Regulations. Accordingly, in terms of Regulation 32(1) of the SEBI ICDR Regulations we are required to allocate: (i) not more than 50% of the Net Offer to QIBs, 5% of which shall be allocated to Mutual Funds exclusively; (ii) not less than 15% of the Net Offer to Non-Institutional Bidders; and (iii) not less than 35% of the Net Offer to RIBs, subject to valid Bids being received at or above the Offer Price. In the event we fail to do so, the full application money shall be refunded to the Bidders.

Each of the Selling Shareholders has, severally and not jointly, confirmed that it has held its respective portion of Offered Shares in accordance with applicable law, and that it is in compliance with Regulation 8 of the SEBI ICDR Regulations and are eligible for being offered in the Offer for Sale.

Further, in accordance with the conditions specified in Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees in the Offer shall be not less than 1,000 failing which the entire application monies shall be refunded forthwith, in accordance with the SEBI ICDR Regulations and other applicable laws.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to undertake the Offer, in terms of Regulation 5 and 7(1) of the SEBI ICDR Regulations, to the extent applicable.

The details of compliance with Regulation 5 and 7(1) of the SEBI ICDR Regulations are as follows:

- (a) None of our Company, our Promoters, members of our Promoter Group or our Directors are debarred from accessing the capital markets by the SEBI.
- (b) None of our Promoters or Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.
- (c) None of our Company, our Promoters or Directors is a wilful defaulter (as defined in the SEBI ICDR Regulations).
- (d) None of our Company, our Promoters or Directors have been declared as 'fraudulent borrowers' by the leading banks or financial institution or consortium, in terms of the RBI master circular dated July 1, 2016.
- (e) None of our Promoters or Directors has been declared a fugitive economic offender (in accordance with Section 12 of the Fugitive Economic Offenders Act, 2018).
- (f) Except employee stock options granted pursuant to the ESOP Scheme, there are no convertible securities, including any outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.
- (g) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE**

**PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, J.P. MORGAN INDIA PRIVATE LIMITED AND IIFL SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 24, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.**

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

#### **Disclaimer from our Company, our Directors, the Selling Shareholders and the BRLMs**

Our Company, our Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website [www.rainbowhospitals.in](http://www.rainbowhospitals.in) or the respective website of any of our Subsidiaries or Group Companies or members of the Promoter Group and affiliates (each as applicable) would be doing so at his or her own risk. The Selling Shareholders, their respective directors, affiliates, associates, and officers, as applicable, accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those statements or undertakings specifically made or confirmed by such Selling Shareholders in relation to themselves and their respective portion of the Offered Shares.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided for in the Underwriting Agreement.

All information shall be made available by our Company, Selling Shareholders and the BRLMs to the Bidders and the public at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders and the Underwriters and each of their respective directors, partners, designated partners, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders and the Underwriters and each of their



respective directors, partners, designated partners, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, its Subsidiaries, the Selling Shareholders and its respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, its Subsidiaries, the Selling Shareholders, their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

#### **Disclaimer in respect of Jurisdiction**

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Telangana, India only.

The Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, NBFC-SIs and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs (under Schedule I of the FEMA Non-debt Instruments Rules), and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to subscribe or purchase the Equity Shares.

This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. Any person who possesses this Draft Red Herring Prospectus is required to keep themselves informed and observe and comply with to the extent applicable, any restrictions under the applicable legal requirements of any jurisdiction. **No person outside India is eligible to bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.**

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **Eligibility and Transfer Restrictions**

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”) pursuant to Section 4(a) of the U.S.**

**Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Until the expiry of 40 days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the U.S. Securities Act.**

**Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.**

#### **Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Disclaimer Clause of NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Listing**

The Equity Shares allotted through the Red Herring Prospectus and the Prospectus are proposed to be listed on the Stock Exchanges. Applications will be made to the Stock Exchanges for permission to deal in and for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed by SEBI. If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable law for the delayed period.

Other than the listing fees for the Offer, which will be borne by our Company, and the fees and expenses of the legal counsel and the chartered accountants to the Selling Shareholders, which will be borne by the Selling Shareholders, all cost, fees and expenses in respect of the Offer will be shared amongst our Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Offered Shares sold by the Selling Shareholders in the Offer for Sale, upon successful completion of the Offer. Any payments by our Company in relation to the Offer expenses on behalf of any of the Selling Shareholders shall be reimbursed by such Selling Shareholder to our Company inclusive of taxes.

## **Consents**

Consents in writing of each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Legal Counsel to our Company and Legal Counsel to the Promoter Selling Shareholders, as to Indian Law, Legal Counsel to the BRLMs as to Indian Law, International Legal Counsel to the BRLMs, Legal Counsel to the Investor Selling Shareholders, Bankers to our Company, the BRLMs, the Registrar to the Offer, CRISIL Limited, have been obtained; and consents in writing of the Syndicate Members, Monitoring Agency and the Banker(s) to the Offer to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and all such consents, as applicable, shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for filing with the RoC.

## **Expert to the Offer**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated December 24, 2021 from B S R & Associates LLP, Chartered Accountants to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this DRHP, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated December 23, 2021 on our Restated Financial Statements; and (ii) their report dated December 24, 2021 on the Statement of Special Tax Benefits in this DRHP and such consent has not been withdrawn as on the date of this DRHP. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

In addition, our Company has received written consent dated December 24, 2021 from Madhu Mantri and Associates, Chartered Accountants, to include its name as an independent chartered accountant under Section 26 of the Companies Act and as an “expert” as defined under Section 2(38) of the Companies Act.

## **Particulars regarding public or rights issues by our Company during the last five years**

Except as disclosed in “*Capital Structure – Share capital history of our Company – Equity Share capital*” on page 87, our Company has not made any public or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

## **Commission or brokerage on previous issues in the last five years**

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for the Equity Shares since our Company’s incorporation.

## **Capital issue during the previous three years by our Company, the listed Group Companies, subsidiaries and associates of our Company**

Except as disclosed in “*Capital Structure – Equity Share capital*” on page 86, our Company has not made any capital issues during the previous three years. Further, neither our Group Companies nor Subsidiaries are listed on any stock exchange

Our Company does not have any listed group company.

As of the date of this Draft Red Herring Prospectus, our Company does not have any associate entity.

## **Performance vis-à-vis objects – Public/ rights issue of our Company**

Except as disclosed in “*Capital Structure – Share capital history of our Company – Equity Share capital*” on page 87, our Company has not undertaken any public issue or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

## **Performance vis-à-vis objects – Public/ rights issue of the listed Subsidiaries/Promoters of our Company**

None of our Subsidiaries are listed on any stock exchange.

## Price information of past issues handled by the BRLMs

### Kotak Mahindra Capital Company Limited

- Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Kotak Mahindra Capital Company Limited

| S. No. | Issue name                                       | Issue size (₹ million) | Issue price (₹)    | Listing date       | Opening price on listing date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing |
|--------|--------------------------------------------------|------------------------|--------------------|--------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| 1.     | C.E. Info Systems Limited                        | 10,396.06              | 1,033              | December 21, 2021  | 1,565.00                             | -                                                                                                               | -                                                                                                               | -                                                                                                                |
| 2.     | Rategain Travel Technologies Limited             | 13,357.43              | 425 <sup>1</sup>   | December 17, 2021  | 360.00                               | -                                                                                                               | -                                                                                                               | -                                                                                                                |
| 3.     | Star Health And Allied Insurance Company Limited | 64,004.39              | 900 <sup>2</sup>   | December 10, 2021  | 845.00                               | -                                                                                                               | -                                                                                                               | -                                                                                                                |
| 4.     | PB Fintech Limited                               | 57,097.15              | 980                | November 15, 2021  | 1,150.00                             | +14.86%, [-4.33%]                                                                                               | -                                                                                                               | -                                                                                                                |
| 5.     | FSN E-commerce Ventures Limited                  | 53,497.24              | 1,125 <sup>3</sup> | November 10, 2021  | 2,018.00                             | +92.31%, [-2.78%]                                                                                               | -                                                                                                               | -                                                                                                                |
| 6.     | Aditya Birla Sun Life AMC Limited                | 27,682.56              | 712                | October 11, 2021   | 715.00                               | -11.36%, [+0.55%]                                                                                               | -                                                                                                               | -                                                                                                                |
| 7.     | Vijaya Diagnostic Centre Limited                 | 18,942.56              | 531 <sup>4</sup>   | September 14, 2021 | 540.00                               | +5.41%, [+4.50%]                                                                                                | +8.08% [+0.76%]                                                                                                 | -                                                                                                                |
| 8.     | Aptus Value Housing Finance India Limited        | 27,800.52              | 353                | August 24, 2021    | 333.00                               | -2.82%, [+5.55%]                                                                                                | -0.82%, [+6.86%]                                                                                                | -                                                                                                                |
| 9.     | Cartrade Tech Limited                            | 29,985.13              | 1,618              | August 20, 2021    | 1,599.80                             | -10.31%, [+6.90%]                                                                                               | -32.68%, [+8.80%]                                                                                               | -                                                                                                                |
| 10.    | Devyani International Limited                    | 18,380.00              | 90                 | August 16, 2021    | 140.90                               | +32.83%, [+4.93%]                                                                                               | +63.06%, [+7.91%]                                                                                               | -                                                                                                                |

Source: www.nseindia.com

#### Notes:

- In Rategain Travel Technologies Limited, the issue price to eligible employees was ₹ 385 after a discount of ₹ 40 per equity share
- In Star Health And Allied Insurance Company Limited, the issue price to eligible employees was ₹ 820 after a discount of ₹ 80 per equity share
- In FSN E-Commerce Ventures Limited, the issue price to eligible employees was ₹ 1,025 after a discount of ₹ 100 per equity share
- In Vijaya Diagnostic Centre Limited, the issue price to eligible employees was ₹ 479 after a discount of ₹ 52 per equity share
- In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.
- The 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days.
- Restricted to last 10 equity initial public issues.

- Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Kotak Mahindra Capital Company Limited

| Financial Year | Total no. of IPOs | Total amount of funds raised (₹ million) | No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing |                |               |
|----------------|-------------------|------------------------------------------|-------------------------------------------------------------------------------|----------------|---------------|------------------------------------------------------------------------------|----------------|---------------|--------------------------------------------------------------------------------|----------------|---------------|-------------------------------------------------------------------------------|----------------|---------------|
|                |                   |                                          | Over 50%                                                                      | Between 25-50% | Less than 25% | Over 50%                                                                     | Between 25-50% | Less than 25% | Over 50%                                                                       | Between 25-50% | Less than 25% | Over 50%                                                                      | Between 25-50% | Less than 25% |
| 2021-22        | 17                | 556,556.04                               | -                                                                             | -              | 4             | 4                                                                            | 4              | 2             | -                                                                              | -              | -             | 2                                                                             | -              | -             |
| 2020-21        | 6                 | 140,143.77                               | -                                                                             | -              | 1             | 2                                                                            | 1              | 2             | -                                                                              | -              | -             | 4                                                                             | 1              | 1             |
| 2019-20        | 4                 | 136,362.82                               | -                                                                             | 1              | -             | -                                                                            | 1              | 2             | -                                                                              | -              | 1             | -                                                                             | 1              | 2             |

#### Notes:

- The information is as on the date of this Draft Red Herring Prospectus.

2. The information for each of the financial years is based on issues listed during such financial year.

### **J.P. Morgan India Private Limited**

1. The past price information for the past issues handled:

a. Price information of past issues handled –

| S. No. | Issue Name                          | Issue Size (₹ million) | Issue price (₹) | Listing Date      | Opening Price on listing date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing |
|--------|-------------------------------------|------------------------|-----------------|-------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| 1      | One 97 Communications Limited       | 183,000                | 2,150           | November 18, 2021 | 1,950.00                             | (38.6%), [-4.4%]                                                                                                | NA                                                                                                              | NA                                                                                                               |
| 2      | Nuvoco Vistas Corporation Limited   | 50,000                 | 570             | August 23, 2021   | 485.00                               | (5.9%), [+6.5%]                                                                                                 | (9.7%), [+7.7%]                                                                                                 | NA                                                                                                               |
| 3      | Sona BLW Precision Forgings Limited | 55,500                 | 291             | June 24, 2021     | 301.00                               | +45.4%, [+0.4]                                                                                                  | +93.4%, [+11.2%]                                                                                                | +140.3%, [+5.2%]                                                                                                 |
| 4      | Macrotech Developers Limited        | 25,000                 | 486             | April 19, 2021    | 436.00                               | +30.2%, [+5.2%]                                                                                                 | +75.4 [+10.9%]                                                                                                  | +146.3% [+27.7%]                                                                                                 |

Source: SEBI, Source: www.nseindia.com

1. Price on NSE is considered for all of the above calculation
2. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.
3. Closing price of 30th, 90th, 180th calendar day from listing day has been taken as listing day plus 29, 89 and 179 calendar days respectively
4. Pricing Performance for the company is calculated as per the final offer price
5. Pricing Performance for the benchmark index is calculated as per the close on the day prior to the listing date
6. Benchmark index considered is NIFTY 50
7. Issue size as per the basis of allotment

b. Summary statement of price information of past issues handled

| Fiscal year | Total amount of IPOs raised (₹ Mn.) | No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing |                |               |
|-------------|-------------------------------------|-------------------------------------------------------------------------------|----------------|---------------|------------------------------------------------------------------------------|----------------|---------------|--------------------------------------------------------------------------------|----------------|---------------|-------------------------------------------------------------------------------|----------------|---------------|
|             |                                     | Over 50%                                                                      | Between 25-50% | Less than 25% | Over 50%                                                                     | Between 25-50% | Less than 25% | Over 50%                                                                       | Between 25-50% | Less than 25% | Over 50%                                                                      | Between 25-50% | Less than 25% |
| 2021-2022   | 4,31,35,000                         | NA                                                                            | 1              | 1             | NA                                                                           | 2              | NA            | NA                                                                             | NA             | NA            | 2                                                                             | NA             | NA            |

| Fiscal Year | Total amount of IPOs raised (₹ Mn.) | No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing |                |               |
|-------------|-------------------------------------|-------------------------------------------------------------------------------|----------------|---------------|------------------------------------------------------------------------------|----------------|---------------|--------------------------------------------------------------------------------|----------------|---------------|-------------------------------------------------------------------------------|----------------|---------------|
|             |                                     | Over 50%                                                                      | Between 25-50% | Less than 25% | Over 50%                                                                     | Between 25-50% | Less than 25% | Over 50%                                                                       | Between 25-50% | Less than 25% | Over 50%                                                                      | Between 25-50% | Less than 25% |
| 2020-2021   | NA                                  | NA                                                                            | NA             | NA            | NA                                                                           | NA             | NA            | NA                                                                             | NA             | NA            | NA                                                                            | NA             | NA            |
| 2019-2020   | NA                                  | NA                                                                            | NA             | NA            | NA                                                                           | NA             | NA            | NA                                                                             | NA             | NA            | NA                                                                            | NA             | NA            |

*Note: In the event that any day falls on a holiday, the price/ index of the previous trading day has been considered. The information for each of the financial years is based on issues listed during such financial year.*

### **IIFL Securities Limited**

**Table 1**

| Sr. No. | Issue Name                    | Issue Size (in Rs. Mn) | Issue Price (Rs.)     | Listing Date       | Opening Price on Listing Date | +/- % change in closing price*, [+/- % change in closing benchmark]-30th calendar days from listing | +/- % change in closing price*, [+/- % change in closing benchmark]-90th calendar days from listing | +/- % change in closing price*, [+/- % change in closing benchmark]-180th calendar days from listing |
|---------|-------------------------------|------------------------|-----------------------|--------------------|-------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 1       | Chemplast Sanmar Limited      | 38,500.00              | 541.00                | August 24, 2021    | 550.00                        | +2.06%, [+5.55%]                                                                                    | +12.94%, [+6.86%]                                                                                   | N.A.                                                                                                 |
| 2       | Sansera Engineering Limited   | 12,825.20              | 744.00 <sup>(2)</sup> | September 24, 2021 | 811.50                        | +0.35%, [+1.47%]                                                                                    | +1.51%, [-5.03%]                                                                                    | N.A.                                                                                                 |
| 3       | Aditya Birla Sun Life AMC Ltd | 27,682.56              | 712.00                | October 11, 2021   | 715.00                        | -11.36%, [+0.55%]                                                                                   | N.A.                                                                                                | N.A.                                                                                                 |
| 4       | PB Fintech Ltd.               | 57,097.15              | 980.00                | November 15, 2021  | 1,150.00                      | +14.86%, [-4.33%]                                                                                   | N.A.                                                                                                | N.A.                                                                                                 |

|    |                                                  |           |                       |                   |          |                 |      |      |
|----|--------------------------------------------------|-----------|-----------------------|-------------------|----------|-----------------|------|------|
| 5  | SJS Enterprises Ltd.                             | 8,000.00  | 542.00                | November 15, 2021 | 542.00   | -24.99%,-4.33%] | N.A. | N.A. |
| 6  | Sapphire Foods India Limited                     | 20,732.53 | 1,180.00              | November 18, 2021 | 1,350.00 | +3.69%,-4.39%]  | N.A. | N.A. |
| 7  | Star Health and Allied Insurance Company Limited | 60,186.84 | 900.00 <sup>(3)</sup> | December 10, 2021 | 845.00   | N.A.            | N.A. | N.A. |
| 8  | Anand Rathi Wealth Limited                       | 6,593.75  | 550.00 <sup>(4)</sup> | December 14, 2021 | 600.00   | N.A.            | N.A. | N.A. |
| 9  | Rategain Travel Technologies Limited             | 13,357.35 | 425.00 <sup>(5)</sup> | December 17, 2021 | 360.00   | N.A.            | N.A. | N.A. |
| 10 | Data Patterns (India) Limited                    | 5,882.24  | 585.00                | December 24, 2021 | 856.05   | N.A.            | N.A. | N.A. |

Source: [www.nseindia.com](http://www.nseindia.com);

- (1) A discount of INR 93 per equity share to eligible employees bidding in the employee reservation portion
- (2) A discount of INR 36 per equity share was offered to eligible employees bidding in the employee reservation portion
- (3) A discount of INR 80 Per Equity Share was offered to eligible employees bidding in the employee reservation portion
- (4) A discount of INR 25 Per Equity Share was offered to eligible employees bidding in the employee reservation portion
- (5) A discount of INR 40 Per Equity Share was offered to eligible employees bidding in the employee reservation portion

Note: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup> /90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. The Nifty 50 index is considered as the benchmark index. NA means Not Applicable. The above past price information is only restricted to past 10 initial public offers.

**Table 2: Summary Statement of Disclosure**

| Financial Year | Total No. | Total Funds Raised | No. of IPOs trading at discount – 30 <sup>th</sup> | No. of IPOs trading at premium – 30 <sup>th</sup> | No. of IPOs trading at discount – 180 <sup>th</sup> | No. of IPOs trading at premium – 180 <sup>th</sup> |
|----------------|-----------|--------------------|----------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|
|----------------|-----------|--------------------|----------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|

|         | of<br>IP<br>O's | (in Rs.<br>Mn) | calendar days<br>from listing |                           |                                 | calendar days<br>from listing |                           |                                 | calendar days<br>from listing |                           |                                 | calendar days<br>from listing |                           |                                 |
|---------|-----------------|----------------|-------------------------------|---------------------------|---------------------------------|-------------------------------|---------------------------|---------------------------------|-------------------------------|---------------------------|---------------------------------|-------------------------------|---------------------------|---------------------------------|
|         |                 |                | Over<br>50<br>%               | Betw<br>een<br>25-<br>50% | Le<br>ss<br>tha<br>n<br>25<br>% | Over<br>50<br>%               | Betw<br>een<br>25-<br>50% | Le<br>ss<br>tha<br>n<br>25<br>% | Over<br>50<br>%               | Betw<br>een<br>25-<br>50% | Le<br>ss<br>tha<br>n<br>25<br>% | Over<br>50<br>%               | Betw<br>een<br>25-<br>50% | Le<br>ss<br>tha<br>n<br>25<br>% |
| 2019-20 | 5               | 65,827.61      | -                             | -                         | 2                               | -                             | 1                         | 2                               | 1                             | 1                         | 1                               | -                             | -                         | 2                               |
| 2020-21 | 8               | 47,017.65      | -                             | -                         | 4                               | 2                             | 1                         | 1                               | -                             | 1                         | -                               | 3                             | 3                         | 1                               |
| 2021-22 | 16              | 3,27,058.00    | -                             | -                         | 4                               | -                             | 3                         | 5                               | -                             | -                         | -                               | 2                             | -                         | -                               |

Source: [www.nseindia.com](http://www.nseindia.com)

Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered. NA means Not Applicable.

### Track record of past issues handled by the BRLMs

Helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 are set forth in the table below:

| S. No | Name of the BRLM                       | Website                                                                        |
|-------|----------------------------------------|--------------------------------------------------------------------------------|
| 1.    | Kotak Mahindra Capital Company Limited | <a href="http://www.investmentbank.kotak.com">www.investmentbank.kotak.com</a> |
| 2.    | J.P. Morgan India Private Limited      | <a href="http://www.jpmypl.com">www.jpmypl.com</a>                             |
| 3.    | IIFL Securities Limited                | <a href="http://www.iiflcap.com">www.iiflcap.com</a>                           |

For further details in relation to helpline details of the BRLMs, see “General Information – Book Running Lead Managers” on page 78.

### Stock Market Data of Equity Shares

This being an initial public offer of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

### Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, UPI ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to



the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Bidders can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode and ASBA Account number (for Bidders other than RIBs and Eligible Employees using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs and Eligible Employees using the UPI Mechanism. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, the Refund Circulars and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the BRLMs shall compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount for the period of such delay.

Our Company, the Selling Shareholders, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any act of the SCSBs, including any default in complying with their obligations under the applicable SEBI ICDR Regulations

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

Our Company has not received investor complaints during the period of three years preceding the date of this Draft Red Herring Prospectus, hence no investor complaint in relation to our Company is pending as on the date of filing of this Draft Red Herring Prospectus.

#### **Disposal of Investor Grievances by our Company**

Our Company has applied for authentication on the SCORES and will comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.

Our Company has also constituted a Stakeholder's Relationship Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details on the Stakeholders' Relationship Committee, see "*Our Management – Committees of the Board – Stakeholders' Relationship Committee*" on page 238.

Our Company has also appointed Ashish Kapil, our Company Secretary, as the Compliance Officer for the Offer. For details, see "*General Information*" on page 77.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

**Other confirmations**

No person connected with the Offer, except for fees or commission for services rendered in relation to the Offer, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

## SECTION VII: OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SEBI Listing Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the terms of the Red Herring Prospectus the Prospectus, the abridged prospectus, the Bid cum Application Form, the Revision Form, any other terms and conditions as may be incorporated in the CAN, Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to issue of capital and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as maybe prescribed by such governmental, statutory and/or regulatory authority while granting their approval for the Offer.

#### Ranking of the Equity Shares

The Equity Shares being issued and Allotted in the Offer shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including right to receive dividend and voting. The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits if any, declared by our Company after the date of Allotment. For further details, see “*Description of Equity Shares and Terms of the Articles of Association*” on page 429.

#### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to Shareholders as per the provisions of the Companies Act, our Memorandum and Articles, the SEBI Listing Regulations and any guidelines or regulations which may be issued by the Government in this regard and any other applicable law. All dividends, if any, declared by our Company after the date of Allotment, will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable law. For further details in relation to dividends, see “*Dividend Policy*” and “*Description of Equity Shares and Terms of the Articles of Association*” on pages 257 and 429, respectively.

#### Face Value and Offer Price

The face value of the Equity Shares is ₹ 10. The Floor Price of the Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Offer Price, Price Band for the Offer, employee discount, if any, and the Minimum Bid Lot for the Offer will be decided by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, and advertised in [●] editions of the English national daily newspaper, [●] and [●] editions of the Telugu national daily newspaper [●] (Telugu being the regional language of the Telangana, wherein our Registered Office is located), each with wide circulation, respectively, at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites.

The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges. The Offer Price shall be determined by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs after the Bid/ Offer Closing Date, on the basis of assessment of market demand for the Equity Shares issued and offered by way of Book Building Process.

At any given point of time there shall be only one denomination for the Equity Shares.

#### The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. Expenses for the Offer shall be shared amongst our Company and each of the Selling Shareholders in the manner specified in “*Objects of the Offer - Offer Expenses*” on page 121.

### **Compliance with disclosure and accounting norms**

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the equity shareholders of our Company shall have the following rights:

- The right to receive dividend, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or ‘e-voting’;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, 2013, the terms of the SEBI Listing Regulations, and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see “*Description of Equity Shares and Terms of the Articles of Association*” on page 429.

### **Allotment of Equity Shares only in dematerialised form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, and the SEBI Listing Regulations the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, two agreements have been entered into amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated January 13, 2013, amongst our Company, NSDL and the Registrar to the Offer.
- Tripartite agreement dated October 1, 2021, amongst our Company, CDSL and the Registrar to the Offer.

For details in relation to the Basis of Allotment, see “*Offer Procedure*” on page 407.

### **Employee Discount**

Employee discount, if any, may be offered to Eligible Employees bidding in the Employee Reservation Portion respectively. Eligible Employees bidding in the Employee Reservation Portion respectively at a price within the Price Band can make payment at Bid Amount, that is, Bid Amount net of employee discount, if any, as applicable at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion

respectively at the Cut-Off Price have to ensure payment at the Cap Price, less employee discount, if any, as applicable, at the time of making a Bid.

### **Market Lot and Trading Lot**

Further, the trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

### **Joint Holders**

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

### **Jurisdiction**

The courts of Hyderabad, India will have exclusive jurisdiction in relation to this Offer.

### **Period of operation of subscription list**

See “*Offer Structure – Bid/Offer Programme*” on page 404.

### **Nomination facility to investors**

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the Sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered Office and at our Corporate Office or with the Registrar and Share transfer agent.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If investors wish to change their nomination, they are requested to inform their respective Depository Participant.

### **Minimum Subscription**

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR or the minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date; or if the

subscription level falls below 90% after the closure of Offer on account of withdrawal of applications; or after technical rejections; or any other reason; or in case of devolvment of Underwriting, aforesaid minimum subscription is not received within 60 days from the date of Bid/ Offer Closing Date or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares in the Offer, our Company shall forthwith refund the entire subscription amount received in accordance with applicable law including the SEBI circular bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company, Selling Shareholders and every Director who are officers in default, shall pay interest as prescribed under applicable law.

In the event of under-subscription, if any, in any category, except the QIB Portion, such under-subscription would be allowed to be met with spill- over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law.

If,

- our Company does not receive minimum subscription in the Offer, as specified under Rule 19(2)(b) of the SCRR;
- our Company does not receive minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date;
- the subscription level in the Fresh Issue falls below 90% after the closure of Offer on account of withdrawal of applications, or after technical rejections, or any other reason;
- in case of devolvment of underwriting, if the aforesaid minimum subscription conditions are not complied with within 60 days from the Bid/ Offer Closing Date;
- any of the listing or trading permissions are not obtained from the Stock Exchanges for the Equity Shares in the Offer; and
- the shareholding of CDC does not reduce below 25% upon completion of the Offer,

our Company and the Selling Shareholders shall forthwith refund the entire subscription amount received in accordance with applicable law, including the SEBI circular bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is a delay beyond four days after our Company and the Selling Shareholders become liable to pay the amount, our Company, Selling Shareholders and every Director who are officers in default, shall pay interest as prescribed under applicable law.

Further, our Company, Dr. Ramesh Kancharla and CDC, at their sole discretion, collectively, reserve the right not to proceed with the Offer if CDC's shareholding in the Company, solely pursuant to CDC's component of the Offer for Sale, does not reduce by at least 8% (calculated on the basis of the pre-IPO equity share capital of the Company), in which event, and if so decided by our Company, Dr. Ramesh Kancharla and CDC; our Company and the Selling Shareholders shall forthwith refund the entire subscription amount received in accordance with applicable law, as mentioned above.

In the event of under-subscription in the Offer, but subject to (i) fulfilment of the conditions set out above, and (ii) our Company, Dr. Ramesh Kancharla and CDC deciding to proceed with the Offer, as set out above, the Equity Shares will be Allotted in the following order:

1. such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue is subscribed;
2. post Allotment of Equity Shares as per (1), above, the Offered Shares of each of the Investor Selling Shareholders will be Allotted on a pro rata basis; and
3. post Allotment of Equity Shares as per (1) and (2) above, the balance 10% of the Fresh Issue and the remaining Offered Shares of each of the Promoter Selling Shareholders and the Other Selling Shareholder will be Allotted on a pro rata basis.

In terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees will be not less than 1,000. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholders and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

No liability to make any payment of interest or expenses shall accrue to any Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of such Selling Shareholder and to the extent of its portion of the Offered Shares.

#### **Arrangements for disposal of odd lots**

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

#### **Restriction on transfer and transmission of shares**

Except for the lock-in of the pre-Offer Equity Shares, the Promoters' Contribution and Allotments made to Anchor Investors pursuant to the Offer, as detailed in "*Capital Structure*" on page 86 and except as provided in our Articles, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. See, "*Description of Equity Shares and Terms of the Articles of Association*" on page 429.

#### **New Financial Instruments**

Our Company is not issuing any new financial instruments through this Offer.

#### **Withdrawal of the Offer**

Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, reserves the right not to proceed with the entire or portion of the Offer for any reason at any time after the Bid/ Offer Opening Date but before the Allotment.

Further, as stated above, the Offer is contingent on the shareholding of CDC reducing below 25%. Additionally, CDC, in its sole discretion, reserves the right not to proceed with the Offer if all of the Investor Selling Shareholders' Offered Shares are not Allotted.

In such an event, our Company would issue a public notice in the same newspapers, in which the pre- Offer advertisements were published, within two days of the Bid/ Offer Closing Date, or such other time as may be prescribed by SEBI providing reasons for not proceeding with the Offer. Further, the Stock Exchanges on which the Equity Shares are proposed to be listed shall be informed promptly in this regard by our Company. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank (in case of RIBs using the UPI Mechanism), as applicable, to unblock the bank accounts of the ASBA Bidders and shall notify the Escrow Collection Bank to release the Bid Amounts to the Anchor Investors within one Working Day from the date of receipt of such notification.

In the event of withdrawal of the Offer, a fresh draft red herring prospectus will be submitted again to SEBI for any subsequent plans of a fresh offer by our Company, in terms of the UPI Circulars, in relation to the Offer, the BRLMs will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it. Further, in case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days or such other period as may be prescribed, and the final RoC approval of the Prospectus after it is filed with the RoC. If our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs withdraw the Offer after the Bid/ Offer Closing Date and thereafter determine that they will proceed with public offering of

the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.



## OFFER STRUCTURE

The Offer of up to [●] Equity Shares, at an Offer Price of ₹ [●] per Equity Share for cash, including a premium of ₹ [●] per Equity Share, aggregating up to ₹ [●] million by our Company comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 2,800 million by our Company and an Offer for Sale of up to 24,000,900 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders.

The Offer comprises of a Net Offer of up to [●] Equity Shares and Employee Reservation Portion of up to 300,000 Equity Shares. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. The Offer and Net Offer shall constitute [●] % and [●] % of the post- Offer paid-up Equity Share capital of our Company, respectively. The face value of the Equity Shares is ₹ 10 each.

The Offer is being made through the Book Building Process.

| Particulars                                                                  | Eligible Employees <sup>#</sup>                                                                                                                                                                                                                                                                                                                                                                                                                    | QIBs <sup>(1)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Non-Institutional Bidders                                                                                      | Retail Individual Bidders                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of Equity Shares available for Allotment / Allocation <sup>*(2)</sup> | Up to [●] Equity Shares                                                                                                                                                                                                                                                                                                                                                                                                                            | Not more than [●] Equity Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and RIBs. | Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and NIBs.                                                                                                                                                                                     |
| Percentage of Offer available for Allotment/allocation                       | The Employee Reservation Portion shall constitute up to [●]% of the Offer Size                                                                                                                                                                                                                                                                                                                                                                     | Not more than 50% of the Net Offer shall be available for allocation to QIB Bidders.<br><br>However, up to 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be added to the Net QIB Portion.                                                                                                                                                                                                    | Not less than 15% of the Net Offer or the Net Offer less allocation to QIB Bidders and RIBs                    | Not less than 35% of the Net Offer or the Net Offer less allocation to QIB Bidders and NIBs                                                                                                                                                                                                        |
| Basis of Allotment if respective category is oversubscribed                  | Proportionate <sup>#</sup> ; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for a value exceeding ₹ 200,000, subject to total Allotment to an Eligible Employee not exceeding ₹ 500,000 | Proportionate as follows (excluding the Anchor Investor Portion):<br><br>(a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and<br><br>(b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.<br><br>Up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis, out of which at least one-third will be available for allocation to Mutual Funds only subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price. | Proportionate.                                                                                                 | Allotment to each RIB shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. For further details, see “Offer Procedure” beginning on page 407. |

| Particulars                  | Eligible Employees <sup>#</sup>                                                                                                                                                                                                                                                                                                                                                                                               | QIBs <sup>(1)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Non-Institutional Bidders                                                                                                                                                                                                               | Retail Individual Bidders                                                                          |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Minimum Bid                  | [●] Equity Shares and in multiples of [●] Equity Shares thereafter                                                                                                                                                                                                                                                                                                                                                            | Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.                                                                                                                 | [●] Equity Shares and in multiples of [●] Equity Shares thereafter.                                |
| Maximum Bid                  | Such number of Equity Shares in multiples of [●] Equity Shares, so that the maximum Bid Amount by each Eligible Employee in Eligible Employee Portion does not exceed ₹ 500,000 (net of employee discount, if any)                                                                                                                                                                                                            | Such number of Equity Shares not exceeding the size of the Net Offer, subject to applicable limits.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Net Offer (excluding the QIB Portion), subject to applicable limits                                                      | Such number of Equity Shares in multiples of [●] so that the Bid Amount does not exceed ₹ 200,000. |
| Mode of Allotment            | Compulsorily in dematerialised form.                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                         |                                                                                                    |
| Bid Lot                      | [●] Equity Shares and in multiples of [●] Equity Shares thereafter                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                         |                                                                                                    |
| Allotment Lot                | A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                         |                                                                                                    |
| Trading Lot                  | One Equity Share                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                         |                                                                                                    |
| Who can Apply <sup>(3)</sup> | Eligible Employees (such that the Bid Amount does not exceed ₹ 500,000)                                                                                                                                                                                                                                                                                                                                                       | Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, multilateral and bilateral development financial institutions, Mutual Funds, Eligible FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs, registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident funds with minimum corpus of ₹ 250 million, pension funds with minimum corpus of ₹ 250 million, National Investment Fund set up by the GoI, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and NBFC-SIs | Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions, societies, trusts, family offices and FPIs who are individuals, corporate bodies and family offices. | Resident Indian individuals, HUFs (in the name of the karta) and Eligible NRIs.                    |
| Terms of Payment             | <p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids<sup>(4)</sup>.</p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder, or by the Sponsor Bank through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                         |                                                                                                    |
| Mode of Bidding              | Only through the ASBA process (except for Anchor Investors). In case of RIBs, ASBA process will include the UPI mechanism.                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                         |                                                                                                    |

\* Assuming full subscription in the Offer.

<sup>#</sup> Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹ 500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits. Further, an Eligible Employee Bidding in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.

Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer. Allotment to an Eligible Employee in the Employee Reservation Portion may not exceed ₹200,000 (net of employee discount, if any) in value. Only in the event of an undersubscription in the Employee Reservation Portion, post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of employee discount, if any) in value.

<sup>(1)</sup> Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the QIB Portion. For further details, see “Offer Procedure” on page 407.

<sup>(2)</sup> Subject to valid Bids being received at or above the Offer Price. The Offer is being made in terms of Rule 19(2)(b) of the SCRR and under Regulation 6(1) of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 35% of the Net Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, please see “Terms of the Offer” on page 396.

<sup>(3)</sup> In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

<sup>(4)</sup> Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid, provided that any positive difference between the Anchor Investor Allocation Price and the Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.

Bids by FPIs with certain structures as described under “Offer Procedure-Bids by FPIs” on page 412 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, at the time of making a Bid.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis.

Bidders will be required to confirm and will be deemed to have represented to our Company and the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

## Bid/Offer Programme

|                               |  |   |
|-------------------------------|--|---|
| <b>BID/ OFFER OPENS ON*</b>   |  | ● |
| <b>BID/ OFFER CLOSES ON**</b> |  | ● |

\* Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

\*\*Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

# UPI mandate end time and date shall be at 12:00 pm on [●].

An indicative timetable in respect of the Offer is set out below:

| Event                                                                                         | Indicative Date |
|-----------------------------------------------------------------------------------------------|-----------------|
| Finalisation of Basis of Allotment with the Designated Stock Exchange                         | On or about [●] |
| Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account* | On or about [●] |
| Credit of the Equity Shares to depository accounts of Allottees                               | On or about [●] |
| Commencement of trading of the Equity Shares on the Stock Exchanges                           | On or about [●] |

\*\*\*In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated in accordance with the applicable law by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of our Company with the SCSBs, to the extent applicable. The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

The above timetable is indicative and does not constitute any obligation on our Company, Selling Shareholders or the BRLMs.

**Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days from the Bid/ Offer Closing Date or such period as may be prescribed, with reasonable support and co-operation of each of the Selling Shareholders, as may be required in respect of its respective portion of the Offered Shares, the timetable may change due to various factors, such as extension of the Bid/ Offer Period, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.**

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change basis any revised SEBI circulars to this effect.

#### **Submission of Bids (other than Bids from Anchor Investors):**

Except in relation to the Bids received from the Anchor Investors, submission of Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** IST during the Bid/Offer Period (except on the Bid/Offer Closing Date) at the Bidding Centres as mentioned on the Bid cum Application Form **except that:**

- (i) on the QIB Bid/Offer Closing Date, in case of Bids by QIBs under the Net QIB Portion, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. (IST);
- (ii) on the Bid/Offer Closing Date: (UPI mandate end time and date shall be at 12.00pm on [●])
  - (a) in case of Bids by Non-Institutional Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 4.00 p.m. (IST); and
  - (b) in case of Bids by Retail Individual Bidders, and Eligible Employees Bidding in the Employee Reservation Portion, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. (IST), which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of Bids received up to the closure

of timings and reported by BRLMs to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which full Bid Amount is not blocked by SCSBs and the Sponsor Bank or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected. The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/ Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSB's shall unblock such applications by the closing hours of the bank day and submit the confirmation to the BRLMs and the RTA on daily basis, as per the format prescribed in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

Due to limitation of the time available for uploading the Bids on the Bid/ Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/ Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under this Offer. Bids will only be accepted on Working Days. Investors may please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

None amongst our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/ Offer Period in accordance with the SEBI ICDR Regulations. In such an event, the Cap Price shall not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price, as advertised at least five Working Days before the Bid/ Offer Opening Date, and the Cap Price will be revised accordingly. The Floor Price shall not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price.

In case of any revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank, as applicable.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

## OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circular (“**General Information Document**”), which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act 2013, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidder/ Applicants; (v) issuance of Confirmation of Allocation Note (“**CAN**”) and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.

SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 as amended from time to time, including pursuant to circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 (“**UPI Circular**”) has to introduce an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism with the ASBA for applications by Retail Individual Investors through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Investors applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days (“**UPI Phase I**”), until June 30, 2019. Subsequently, for applications by Retail Individual Investors through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism with existing timeline of T+6 days is applicable for a period of three months or launch of five main board public issues, whichever is later (“**UPI Phase II**”) with effect from July 1, 2019, by SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, read with circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019. Further, as per the SEBI circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the UPI Phase II had been extended until March 31, 2020. However, due to the outbreak of COVID-2019 pandemic, UPI Phase II has been further extended by SEBI until further notice, by its circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020. Thereafter, the final reduced timeline of T+3 days may be made effective using the UPI Mechanism for applications by Retail Individual Investors (“**UPI Phase III**”), as may be prescribed by SEBI. Accordingly, the Offer will be made under UPI Phase II, unless UPI Phase III becomes effective and applicable on or prior to the Bid / Offer Opening Date. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on or after May 1, 2021 except as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and the provisions of this circular are deemed to form part of this Draft Red Herring Prospectus. Further, the processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

*Further, our Company and the members of the Syndicate do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.*

### **Book Building Procedure**

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, read with Regulation 31 of the SEBI ICDR Regulations, through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be Allotted to QIBs on a proportionate basis, provided that our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder), in consultation with the BRLMs may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. In case of under-subscription or non-allocation in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. If at least 50% of the Offer cannot be Allotted to QIBs, the full Bid Amounts shall be refunded in accordance with SEBI ICDR Regulations and other applicable laws. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Furthermore, up to 300,000 Equity Shares, aggregating to ₹ [●] million shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price, if any.

Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or categories, as applicable, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws. However, undersubscription, if any, in the QIB Portion will not be allowed to be met with spill over from other categories or a combination of other categories. Further, in the event of an under-subscription in the Employee Reservation Portion, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 (net of employee discount, if any), subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of employee discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Offer.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification by the Central Board of Direct Taxes dated February 13, 2020 and press release dated June 25, 2021.**

**Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN and UPI ID (for RIBs using the UPI Mechanism), shall be treated as incomplete and will be rejected. Eligible Employees Bidding in the Employee Reservation Portion Bidding using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.**

### **Phased implementation of Unified Payments Interface**

SEBI has issued the 2018 Circular on Streamlining of Public Issues in relation to streamlining the process of public issue of *inter alia* equity shares. Pursuant to the 2018 Circular on Streamlining of Public Issues, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the 2018 Circular on Streamlining of Public Issues has introduced the UPI Mechanism in three phases in the following manner:

- (a) **Phase I:** This phase was applicable from January 1, 2019 till June 30, 2019. Under this phase, a RII had the option to submit the Bid cum Application Form with any of the intermediaries and use his/her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be six Working Days.
- (b) **Phase II:** This phase has become applicable from July 1, 2019 and was supposed to continue up till March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the Bid cum Application Form by a RII through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI Mechanism. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase.
- (c) **Phase III:** Subsequently, under this phase, the time duration from public issue closure to listing would be reduced to be three Working Days.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised in [●] editions of English national daily newspaper, [●], [●] editions of Hindi national daily newspaper, [●], and [●] editions of the Telugu daily newspaper [●] (Telugu being the regional language of Telangana, where our Registered Office is located) each with wide circulation, on or prior to the Bid/Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using the UPI Mechanism. The issuers are to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders into the UPI mechanism.

### **Electronic registration of Bids**

- (a) The Designated Intermediary may register the Bids using the online facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for Book Building on a regular basis before the closure of the Offer.
- (b) On the Bid/ Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/ Offer Closing Date to modify select fields uploaded in the Stock Exchanges' Platform during the Bid/ Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/ Offer Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide either (i) the bank account details and authorisation to block funds in the ASBA Form, or (ii) the UPI ID, as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details are liable to be rejected. Applications made by the RIBs using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process. ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such



specified stamp are liable to be rejected. Since the Offer is made under Phase II of the 2018 Circular on Streamlining of Public Issues, ASBA Bidders may submit the ASBA Form in the manner below:

- (i) RIBs (other than the RIBs using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- (ii) RIBs using the UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- (iii) QIBs and NIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB.

For Anchor Investors, the Anchor Investor Application Form will be available at the offices of the BRLMs.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

| Category                                                                                                                                                            | Colour of Bid cum Application Form* |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Resident Indians including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis <sup>^</sup>  | [●]                                 |
| Non-Residents including FPIs and Eligible NRIs, FVCIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis | [●]                                 |
| Anchor Investors**                                                                                                                                                  | [●]                                 |
| Eligible Employees Bidding in the Employee Reservation Portion                                                                                                      | [●]                                 |

\* Excluding electronic Bid cum Application Forms.

\*\*Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.

<sup>^</sup> Electronic Bid cum Application forms will also be available for download on the websites of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)).

The relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For RIBs using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the bankers to an issue) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the bankers to an issue. The BRLMs shall also be required to obtain the audit trail from the Sponsor Banks and the Bankers to the Offer for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as persued in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021.

In case of ASBA forms, the relevant Designated Intermediaries shall capture and upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges.

For RIBs Bidding using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs, for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. For all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/ Offer Closing Date (“**Cut-Off Time**”). Accordingly, RIBs Bidding using through the UPI Mechanism should accept UPI Mandate Requests

for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

For ASBA Forms (other than RIBs Bidding using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

The Sponsor Bank shall host a web portal for intermediaries (closed user group) from the date of Bid/ Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Bidding process.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”) pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Participation by associates and affiliates of the BRLMs and the Syndicate Members, Promoters, Promoter Group and persons related to Promoters/Promoter Group**

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Offer, either in the Net QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, and such Bid subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

In terms of SEBI ICDR Regulations, neither the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of BRLMs or AIFs sponsored by the entities which are associates of the BRLMs or FPIs sponsored by entities which are associates of the BRLMs) nor any person related to the Promoter/ Promoter Group shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a “person related to the Promoters or Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoters or members of the Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of a BRLM, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

The Promoters and the members of the Promoter Group will not participate in the Offer except to the extent of the participation of the Promoter Selling Shareholder in the Offer for Sale.

### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason, thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made. In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme.

### **Bids by HUFs**

Bids by HUFs Hindu Undivided Families or HUFs, in the individual name of the karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the karta". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;

### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis (to the extent permitted) by using the Non-Resident Forms should authorise their SCSB to block their Non-Resident External ("NRE") accounts or Foreign Currency Non-Resident ("FCNR") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorise their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer shall be subject to the FEMA Rules.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents.

Eligible NRIs Bidding on a repatriation basis (to the extent permitted) are advised to use the Bid cum Application Form meant for Non-Residents.

For details, see "*Restriction on Foreign Ownership of Indian Securities*" on page 427.

### **Bids by FPIs**

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

In terms of the FEMA Rules and Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2019 ("**SEBI FPI Regulations**"), investment in the Equity Shares by a single FPI or an investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% or common control) shall be below 10% of our post- Offer Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates. The aggregate limit may be decreased

below the sectoral cap to a threshold limit of 24% or 49% or 74% as deemed fit by way of a resolution passed by our Board followed by a special resolution passed by the Shareholders of our Company. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Bids by FPIs submitted under the multiple investment managers structure with the same PAN but with different beneficiary account numbers, Client ID and DP ID may not be treated as multiple Bids.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar to the Offer shall (i) use the PAN issued by the income tax department of the Government of India for checking compliance for a single FPI, and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Further, Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI FPI Regulations (such structure “**MIM Structure**”) provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected. Further, in the following cases, Bids by FPIs shall not be treated as multiple Bids: (i) FPIs which utilise the MIM Structure, indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments (“**ODI**”) which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as category 1 FPIs; and (vii) Entities registered as collective investment scheme having multiple share classes.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions:

- (a) offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

#### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations, *inter-alia*, prescribe the respective investment restrictions on the FVCIs, VCFs and AIFs registered with SEBI. Accordingly, the holding by any individual VCF or FVCI registered with SEBI, in any company should not exceed 25% of the corpus of the VCF. Further, VCFs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations.

Participation of VCFs, AIFs or FVCIs in the Offer shall be subject to the FEMA Rules.

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission. Neither our Company nor the BRLMs will be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("**Banking Regulation Act**"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 ("**Financial Services Directions**"), is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to *inter alia* make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed under 5(b)(i) of the Financial Services Directions), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Financial Services Directions. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by the SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Bids by systemically important non-banking financial companies**

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), and such other approval as may be required by the Systemically Important Non-Banking Financial Companies must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof. NBFC-SIs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

### **Bids by Eligible Employees**

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 (net of employee discount, if any). However, the initial allocation to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of employee discount, if any). Allotment in the Employee Reservation Portion will be as detailed in the section “Offer Structure” beginning on page 402.

However, Allotments to Eligible Employees in excess of ₹ 200,000 (net of employee discount, if any) shall be considered on a proportionate basis, in the event of undersubscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (net of employee discount, if any). Subsequent undersubscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under the Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form.
- Only Eligible Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) would be eligible to apply in this Offer under the Employee Reservation Portion.
- In case of joint bids, the sole/ First Bidder shall be the Eligible Employee.
- Bids by Eligible Employees may be made at Cut-off Price.
- Only those Bids, which are received at or above the Offer Price would be considered for allocation under this portion.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee subject to a maximum Bid Amount of ₹ 500,000 on a net basis.
- If the aggregate demand in this portion is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion shall not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000.

If the aggregate demand in this portion is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see “Offer Procedure” beginning on page 407.

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers is prescribed in Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 (“**IRDAI Investment Regulations**”) are set forth below:

- (i) equity shares of a company: the lower of 10%\* of the investee company’s outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/investment assets in case of a general insurer or a reinsurer;
- (ii) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (iii) the industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (i), (ii) or (iii) above, as the case may be.

*\*The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹2,500,000 million.*

Insurer companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time including the IRDAI Investment Regulations.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million, in each case, subject to applicable law and in accordance with their respective constitutional documents a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in consultation with the BRLMs, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, in consultation with the BRLMs, may deem fit, without assigning any reasons thereof.

### **Bids by Anchor Investors**

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below.

- (i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
- (ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size

of ₹ 100 million.

- (iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (iv) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.
- (v) Our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
  - (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;
  - (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor; and
  - (c) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.
- (vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchange.
- (vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (viii) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price shall still be the Anchor Investor Office Price.
- (ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (x) Neither the BRLMs or any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, nor any "person related to the Promoters or Promoter Group" shall apply in the Offer under the Anchor Investor Portion. For further details, see “- *Participation by associates and affiliates of the BRLMs and the Syndicate Members, Promoters, Promoter Group and persons related to Promoters/Promoter Group*” on page 411.
- (xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.
- (xii) For more information, see the General Information Document.

#### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason therefor.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in the Offer.



## Information for Bidders

The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip (“**Acknowledgement Slip**”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each Bid cum Application Form. It is the Bidder’s responsibility to obtain the Acknowledgement Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised Acknowledgement Slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

In the event of an upward revision in the Price Band, RIBs who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed ₹ 200,000 with respect to RIBs if the Bidder wants to continue to Bid at Cut-off Price). The revised Bids must be submitted to the same Designated Intermediary to whom the original Bid was submitted. If the total amount (i.e. the original Bid Amount plus additional payment) exceeds ₹ 200,000 with respect to RIBs, the Bid will be considered for allocation under the Non-Institutional Portion. If, however, the Retail Individual Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder and the Retail Individual Bidder is deemed to have approved such revised Bid at Cut-off Price.

In the event of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price may revise their Bid; otherwise, the excess amount paid at the time of Bidding would be unblocked after Allotment is finalised.

Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

## Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will, after registering the Red Herring Prospectus with the RoC, publish a pre- Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Telugu national daily newspaper, Telugu being the regional language of the Telangana, where the Registered Office of our Company is located).

Our Company shall, in the pre-Offer advertisement state the Bid/ Offer Opening Date, the Bid/ Offer Closing Date and the QIB Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed under the SEBI ICDR Regulations.

## Allotment Advertisement

Our Company, the Selling Shareholders, the BRLMs and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in [●] editions of English national daily newspaper, [●], [●] editions of Hindi national daily newspaper, [●] and [●] editions of Telugu daily newspaper [●] (Telugu being the regional language of Telangana, where our Registered Office is located) each with wide circulation.

**The information set out above is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders, and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

### **Signing of Underwriting Agreement and filing of Prospectus with the RoC**

Our Company will enter into an Underwriting Agreement with the Underwriters on or immediately after the finalisation of the Offer Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC, in accordance with applicable law. The Prospectus will contain details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and will be complete in all material respects.

### **GENERAL INSTRUCTIONS**

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date.

#### ***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that the PAN is linked with Aadhaar in compliance with Central Bureau of Direct Taxes notification dated February 13, 2020 and press release dated June 25, 2021;
6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;
7. In case of joint Bids, ensure that the first applicant is the ASBA Account holder, and also signs the Bid cum Application Form (for all Bidders other than RIBs using the UPI mechanism);
8. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than RIBs using the UPI mechanism) in the Bid cum Application Form;
9. RIBs using the UPI mechanism should ensure that the correct UPI ID is mentioned in the Bid cum Application Form;
10. RIBs using the UPI Mechanism shall ensure that the bank, with which it has its bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI;
11. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
12. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
13. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the

first holder of the beneficiary account held in joint names;

14. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
15. Ensure that you have funds equal to the Bid Amount in the ASBA Account before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;
16. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
17. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;
18. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
19. Ensure that Anchor Investors submit their Anchor Investor Application Form only to the BRLMs;
20. Ensure that the Demographic Details are updated, true and correct in all respects;
21. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
22. Ensure that the correct investor category and the investor status is indicated in the Bid cum Application Form;
23. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;
24. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
25. Ensure that the depository account is active, the correct DP ID, Client ID and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database;
26. Ensure that where the Bid cum Application Form is submitted in joint names, the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
27. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors) is submitted to a Designated Intermediary in a Bidding Centre and in case of Bidding through a Designated Intermediary (other than for Anchor Investors and RIBs using the UPI mechanism) the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list

of such branches is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in)) or such other websites as updated from time to time;

28. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
29. For RIBs using the UPI mechanism, ensure that you approve the Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;
30. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;
31. RIBs using the UPI mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Bid cum Application Form;
32. RIBs using the UPI mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of Allotment in a timely manner; and
33. Bids by Eligible NRIs and HUFs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Portion, and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Portion, for the purposes of allocation in the Offer.

**Don'ts:**

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form or the Anchor Investor Application Form, as the case maybe, after you have submitted a Bid to a Designated Intermediary;
4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
6. Anchor Investors should not Bid through the ASBA process;
7. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
8. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;
9. Do not Bid at Cut-off Price in case of Bids by QIBs and Non-Institutional Bidders;
10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
11. If you are a Non-Institutional Bidder or a Retail Individual Bidder, do not submit your Bid after 3.00 pm

on the Bid/ Offer Closing Date;

12. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/ Offer Closing Date;
13. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
14. Do not Bid for a Bid Amount exceeding ₹200,000 for Bids by Retail Individual Bidders; and ₹ 500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion;
15. Do not submit the General Index Register (GIR) number instead of the PAN;
16. Do not submit incorrect UPI ID details if you are a RIB Bidding through the UPI mechanism;
17. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
18. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;
19. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding through the Designated Intermediaries using the UPI mechanism;
20. Do not submit Bids to a Designated Intermediary at a location other than Specified Locations;
21. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder;
22. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
23. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
24. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIB Bidders using the UPI mechanism;
25. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
26. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
27. Do not submit a Bid cum Application Form using a third party bank account or using third party linked bank account UPI ID (in case of in case of Bids submitted by RIBs using the UPI mechanism).and
28. Do not Bid if you are an OCB.

**The Bid cum Application Form is liable to be rejected if any of the above instructions or any other condition mentioned in the Red Herring Prospectus, as applicable, is not complied with.**

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to our Head - Company Secretary & Legal and Compliance Officer. For details of the Head - Company Secretary & Legal and Compliance Officer., see “*General Information*” beginning on page 77.

For helpline details of the BRLMs pursuant to the SEBI letter bearing reference number SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M, dated March 16, 2021, see “*General Information – BRLMs*” on page 78.

## **Grounds for Technical Rejections**

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders are requested to note that Bids may be rejected on the following additional technical grounds:

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount;
2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID;
5. Bids by HUFs not mentioned correctly as provided in *“Offer Structure – Who can Apply?”* on page 403;
6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Bids submitted without the signature of the First Bidder or Sole Bidder;
8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are “suspended for credit” in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;
10. GIR number furnished instead of PAN;
11. Bids by Retail Individual Bidders with Bid Amount for a value of more than ₹ 200,000 and ₹ 500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion;;
12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
13. Bids accompanied by cheque(s), demand draft(s), stock invest, money order, postal order or cash; and
14. Bids by OCB.

## **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar to the Offer, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

## **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any Allotment in excess of the Equity Shares through the Offer Document except in case of oversubscription for the purpose of rounding off to make Allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent. of the Offer may be made for the purpose of making Allotment in minimum lots.

The Allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The Allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available Equity

Shares, if any, shall be Allotted on a proportionate basis. The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis.

### **Payment into Escrow Account**

Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT) to the Escrow Accounts. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

- (i) In case of resident Anchor Investors: “[●]”
- (ii) In case of non-resident Anchor Investors: “[●]”

### **Depository Arrangements**

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite Agreement dated January 31, 2013, among NSDL, our Company and the Registrar to the Offer.
- Tripartite Agreement dated October 1, 2021, among CDSL, our Company and Registrar to the Offer.

### **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:**

**“Any person who:**

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or**
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or**
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,**

**shall be liable for action under Section 447.”**

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of our company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

### **Undertakings by our Company**

Our Company undertakes the following:

- (i) that the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- (ii) that if the Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law, failing which interest will be due to be paid to the Bidders at the rate prescribed under applicable law

for the delayed period;

- (iii) that all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/ Offer Closing Date or such other time as may be prescribed ;
- (iv) that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- (v) where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- (vi) that if our Company does not proceed with the Offer after the Bid/ Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre- Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- (vii) that if our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, withdraw the Offer after the Bid/ Offer Closing Date, our Company shall be required to file a fresh draft offer document with the SEBI, in the event our Company subsequently decides to proceed with the Offer thereafter;
- (viii) that adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors;
- (ix) that, except for any allotment of Equity Shares to employees of our Company pursuant to exercise of stock options granted under the ESOS Schemes, no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.; and
- (x) Compliance with all disclosure and accounting norms as may be specified by SEBI from time to time;

#### **Undertakings by the Selling Shareholders**

The Selling Shareholders, severally and not jointly undertakes that:

- i. the Equity Shares offered by it in the Offer for Sale have been held by it in accordance with applicable law, for a period of at least one year prior to the filing of this Draft Red Herring Prospectus;
- ii. it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose of any the Offered Shares until such time that the lock-in (if applicable) remains effective save and except as may be permitted under the SEBI ICDR Regulations;
- iii. it shall provide reasonable assistance to our Company, and the BRLMs, with respect to its respective portion of the Offered Shares, for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date, to the extent of the Offered Shares;
- iv. it shall extend such reasonable support and co-operation in relation to its respective portion of the Offered Shares for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by SEBI;



- v. it shall provide reasonable assistance to our Company and the BRLMs in redressal of such investor grievances in relation to the Offered Shares and statements specifically made or confirmed by it in relation to itself as a Selling Shareholder;
- vi. it shall provide reasonable cooperation to our Company in relation to the Offered Shares, for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges; and
- vii. it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, and the revision of Price Band, if applicable, will be taken by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs. The Offer Price and the minimum Bid lot will be decided by our Company, Dr. Ramesh Kancharla (acting on behalf of the other Promoter Selling Shareholders and the Other Selling Shareholder) and the Investor Selling Shareholders, in consultation with the BRLMs, on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus.

Only the statements and undertakings in relation to any of the Selling Shareholders and their respective portion of the Offered Shares which are specifically “confirmed” or “undertaken” by it in this Draft Red Herring Prospectus, shall be deemed to be “statements and undertakings specifically confirmed or undertaken” by such Selling Shareholder. All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relates to any of the Selling Shareholders.

#### **Utilisation of Offer Proceeds**

Our Board certifies that:

- all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in Section 40(3) of the Companies Act;
- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Offer proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Offer shall be disclosed under an appropriate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The responsibility of granting approval for foreign investment under the Consolidated FDI Policy (defined herein below) and FEMA has been entrusted to the concerned ministries / departments.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (“**Consolidated FDI Policy**”), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA NDI Rules, any investment, subscription, purchase or sale of equity instruments by entities, investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India.

In terms of the FEMA NDI Rules and the FDI Policy, up to 100% foreign investment is currently permitted under the automatic route in our Company. With effect from April 1, 2020, the aggregate limits for FPI investments are the sectoral caps applicable to our Company. Each Bidder should seek independent legal advice about its ability to participate in the Offer and in our Company. In the event a prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Bid/ Offer Period.

Given that more than 50% of our Company’s Equity Share capital is owned by resident Indian citizens and our Company is controlled by resident Indian citizens, our Company is a “company owned by resident Indian citizens” and a “company controlled by resident Indian citizens” within the meaning the FEMA Rules and the FDI Policy. Consequently, no investment made by our Company into our Subsidiaries is deemed to be ‘indirect foreign investment’ within the meaning of the FEMA Rules and the FDI Policy, and the FEMA Rules and FDI Policy are not applicable to our Subsidiaries or our Company’s investment into our Subsidiaries.

Any change in our Company’s shareholding or control, as a result of which our Company ceases to be a “company owned by resident Indian citizens” or a “company controlled by resident Indian citizens”, within the meaning of the FEMA Rules and FDI Policy could have an adverse impact on our business and financial condition, and on our Company’s investment in its subsidiaries.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see “*Offer Procedure – Bids by Eligible NRIs*” and “*Offer Procedure – Bids by FPIs*” on page 412.

For further details, please see “*Risk Factors - Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.*” on page 61 of this Draft Red herring Prospectus.

As per the existing policy of the Government, OCBs cannot participate in the Offer.

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred**

to in this Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”) pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made, by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments, modification, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for which do not exceed the applicable limits under applicable laws and regulations.

## **SECTION VIII – DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION**

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES  
(INCORPORATED UNDER THE COMPANIES ACT, 1956)

### **ARTICLES OF ASSOCIATION OF RAINBOW CHILDREN'S MEDICARE LIMITED**

These Articles of Association of the Company comprise two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. In case of any conflict between the provisions of Part A and Part B, the provisions of Part B shall prevail over the provisions of Part A to the extent of such conflict. The provisions of Part A shall be subject to the provisions of Part B for as long as the provisions of Part B have effect.

Notwithstanding the foregoing or anything contained in these Articles, Part B (including all annexures and schedules thereto) shall stand automatically terminated, deleted and cease to have force and effect from the date of receipt of final listing and trading approvals from the stock exchanges on which the Equity Shares of the Company are proposed to be listed, following an initial public offering ("IPO") of the Equity Shares of the Company, without the requirement of any further action by the Company or its Shareholders. Part A will continue to be in effect from the date of receipt of the above-mentioned final listing and trading approvals.

The regulations contained in Table 'F' of the Schedule I to Companies Act, 2013, so far as they are applicable to a Public company, shall apply to this Company save in so far as they are expressly or immediately excluded by the following Articles.

#### **Part A**

#### **TABLE – F**

#### **INTERPRETATION**

##### **I. (1) In these regulations**

- (a) "the Act" means the Companies Act, 2013,
- (b) Company means "**RAINBOW CHILDREN'S MEDICARE LIMITED**"
- (c) "**Consummation of the IPO**" mean the receipt of final listing and trading approval from each of the Stock Exchanges for the listing and trading of the Equity Shares of the Company pursuant to the Offer.
- (d) "**Debenture**" shall include debenture stock, bonds, and any other securities of the Company, whether constituting a charge on the assets of the Company or not.
- (e) "**Listing Date**" shall mean the date of listing of the Equity Shares on each of the Stock Exchanges pursuant to the Offer.
- (f) "**the seal**" means the common seal of the Company.

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the Company.

##### **II. SHARE CAPITAL AND VARIATION OF RIGHTS**

1. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
2. (i) Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment,

unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be.

- (ii) Every certificate shall specify the shares to which it relates and the amount paid-up thereon and shall be signed by two directors or by a director and the company secretary, wherever the Company has appointed a company secretary:

Provided that in case the Company has a common seal, it shall be affixed in the presence of the persons required to sign the certificate.

- (iii) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
- (iv) The Company shall issue, re-issue and issue duplicate share certificates in accordance with the provisions of the Act and in the form and manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014.
- (v) A duplicate certificate of shares may be issued, if such certificate:
  - (a) is proved to have been lost or destroyed; or
  - (b) has been defaced, mutilated or torn and is surrendered to the Company.
- (vi) The Company shall be entitled to dematerialize its existing shares, rematerialize its shares held in the depository and/or to offer its fresh shares in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.
- (vii) A certificate, issued under the common seal of the Company, specifying the shares held by any Person shall be prima facie evidence of the title of the Person to such shares. Where the shares are held in depository form, the record of depository shall be the prima facie evidence of the interest of the beneficial owner.

- 3. (i) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.20/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

- (ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the Company.
- 4. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
  - 5. (i) The Company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
  - (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

- (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
- 6. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
- 7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
- 8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by special resolution, determine.
- 9. Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 53 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

### **LIEN**

- 10. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
- 11. The fully paid up shares shall be free from all lien and that in case of partly paid shares, the Company's lien shall be restricted to money called or payable at a fixed price in respect of such shares.
- 12. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:  
  
Provided that no sale shall be made:
  - (a) unless a sum in respect of which the lien exists is presently payable; or
  - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
- 13. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
  - (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
14. (i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

### **CALLS ON SHARES**

15. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.
- (iii) A call may be revoked or postponed at the discretion of the Board.

16. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.

Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in the General Meeting.

17. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

18. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.

- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

19. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

20. The Board –

- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

21. The Board may, if it thinks fit (subject to the provisions of Section 50 of the Act) agree to and receive from any

Shareholder willing to advance the same, the whole or any part of the money due upon the shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares in respect of which such advance has been made, the Company may pay interest, as the Shareholder paying such sum in advance and the Board agree upon, provided that the money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

- 22. No Shareholder shall be entitled to voting rights in respect of the money(ies) so paid by him until the same would but for such payment, become presently payable.
- 23. The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debentures of the Company, to the extent applicable.

### **TRANSFER OF SHARES**

- 24. (i) The instrument of transfer shall be in writing and all provisions of Section 56 of the Companies Act, 2013 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
  - (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
  - (iii) The Company shall use a common form of transfer.
- 25. Subject to the provisions of Section 58, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within thirty days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal..
- 26. The Board may decline to recognise any instrument of transfer unless—
  - (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
  - (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
  - (c) the instrument of transfer is in respect of only one class of shares.
- 27. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:  
Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.
- 28. Registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.
- 29. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

### **TRANSMISSION OF SHARES**

- 30. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.
  - (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share



which had been jointly held by him with other persons.

31. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either –

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

32. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

33. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

### **FORFEITURE OF SHARES**

34. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

35. The notice aforesaid shall

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

36. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

37. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

38. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such

monies in respect of the shares.

39. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
- (ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
- (iii) The transferee shall thereupon be registered as the holder of the share; and
- (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
40. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

### **ALTERATION OF CAPITAL**

41. The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
42. Subject to the provisions of section 61, the Company may, by ordinary resolution,—
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
43. Where shares are converted into stock—
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
- Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- (c) Such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.
44. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law; —
- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.

### **CAPITALISATION OF PROFITS**

**45. (i)** The Company in general meeting may, upon the recommendation of the Board, resolve—

**(a)** that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

**(b)** that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

**(ii)** The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards -

**(A)** paying up any amounts for the time being unpaid on any shares held by such members respectively;

**(B)** paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

**(C)** partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

**(D)** A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

**(E)** The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

**46. (i)** Whenever such a resolution as aforesaid shall have been passed, the Board shall—

**(a)** make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

**(b)** generally, do all acts and things required to give effect thereto.

**(ii)** The Board shall have power—

**(a)** to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

**(b)** to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

**(iii)** Any agreement made under such authority shall be effective and binding on such members.

### **BUY-BACK OF SHARES**

**47.** Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

### **FURTHER ISSUE OF SHARE CAPITAL**

**48.** (1) Where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

**(a)** to persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely:—

(i) the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed under Section 62 of the Companies Act, 2013 and the rules notified thereunder and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

(ii) unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in sub-clause (i) of clause (a) of Article 48 shall contain a statement of this right;

(iii) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not dis-advantageous to the shareholders and the company;

(b) to employees under a scheme of employees' stock option, subject to special resolution passed by company and subject to such conditions as may be prescribed in Section 62 of the Companies Act, 2013 and the rules notified thereunder; or

(c) to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b) of Article 48, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer, subject to the compliance with the applicable provisions of Chapter III and any other conditions as may be prescribed in Section 62 of the Companies Act, 2013 and the rules notified thereunder.

(2) The notice referred to in sub-clause (i) of clause (a) of sub-clause (1) of Article 48 shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue.

(3) Nothing in Article 48 shall apply to the increase of the subscribed capital of a company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the company to convert such debentures or loans into shares in the company:

Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the company in general meeting.

(4) Notwithstanding anything contained in sub-clause (3) of Article 48, where any debentures have been issued, or loan has been obtained from any Government by a company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the company, it may, within sixty days from the date of communication of such order, appeal to the Tribunal which shall after hearing the company and the Government pass such order as it deems fit.

(5) In determining the terms and conditions of conversion under sub-clause (4) of Article 48, the Government shall have due regard to the financial position of the company, the terms of issue of debentures or loans, as the case may be, the rate of interest payable on such debentures or loans and such other matters as it may consider necessary.

(6) Where the Government has, by an order made under sub-clause (4) of Article 48, directed that any debenture or loan or any part thereof shall be converted into shares in a company and where no appeal has been preferred to the Tribunal under sub-clause (4) of Article 48 or where such appeal has been dismissed, the memorandum of such company shall, where such order has the effect of increasing the authorised share capital of the company, stand altered and the authorised share capital of such company shall stand increased by an amount equal to the amount of the value of shares which such debentures or loans or part thereof has been converted into.

### **TERMS OF ISSUE OF DEBENTURE**

49. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

### **DEMATERIALISATION OF SECURITIES**

50. The Company or an investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification thereto or re-enactment thereof.

### **GENERAL MEETINGS**

51. All general meetings other than annual general meeting shall be called extraordinary general meeting.
52. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting in terms of Section 101 (1) of the Companies Act, 2013 by giving not less than clear twenty-one (21) days notice either in writing or through electronic mode.
- Provided that an extraordinary general meeting may be called after giving a shorter if consent is given in writing or by electronic mode by majority in number of members entitled to vote and who represent not less than ninety-five percent of such part of the paid-up share capital of the company as gives a right to vote at the meeting
- (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

### **PROCEEDINGS AT GENERAL MEETINGS**

53. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
54. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.
55. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
56. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

### **ADJOURNMENT OF MEETING**

57. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the

case of an original meeting.

- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### **VOTING RIGHTS**

58. Subject to any rights or restrictions for the time being attached to any class or classes of shares,  
(a) on a show of hands, every member present in person shall have one vote; and  
(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.
59. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
60. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.  
(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
61. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
62. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
63. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
64. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.  
(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

### **PROXY**

65. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
66. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
67. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

### **BOARD OF DIRECTORS**

68. (i) Until otherwise determined by a General Meeting and subject to Section 149 of the Act, the number of the directors shall not be less than three and not more than fifteen.

- (ii) The following shall be the first directors of the Company:
1. Dr. Kancharla Ramesh
  2. Vankayalapati Prasad
  3. Devineni Suresh
  4. K. Ravindranath
  5. D.V. Naidu
69. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them –
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or
- (b) in connection with the business of the Company.
70. The Board may pay all expenses incurred in getting up and registering the Company.
71. The Company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
72. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
73. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
74. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- (ii) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.
- (iii) The Board of Directors shall have power to borrow or raise moneys, from commercial banks/financial institutions and/or other companies, or to receive it either by way of unsecured loans, inter corporate deposits, or from related parties subject to the provisions of the companies Act, 2013, on deposit at interest or otherwise, and to secure the payment of such money in such manner as the Company may think fit and in particular by the issue of debentures or debenture stock, perpetual or otherwise, stocks, bonds, obligations, notes and securities of all kinds, to mortgage, pledge, guarantee, hypothecate or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled paid capital, by special assignment or otherwise, or to transfer or convert the same absolutely or any interest therein and to give the lenders power of sale and other powers as may seem expedient and to purchase, redeem or pay off such securities provided, the Company shall not carry on banking business as defined in the Banking Regulation Act, 1949.
75. Notwithstanding anything contained in the Articles of Association, at any time on and after the Listing Date, and subject to applicable Law and receipt of approval of the Shareholders of the Company by way of a special resolution after the Consummation of the IPO, Dr. Ramesh Kancharla (Promoter No. 1) shall be entitled to nominate in office up to 2 (two) directors (such director referred to as the “**Promoter Director(s)**”), so long as he continues to remain one of the Promoters of the Company and holds not less than 20% of the Equity Share capital of the Company on a fully diluted basis. It is hereby clarified and agreed that no Person, other than Promoter No. 1, shall have the right to nominate any Promoter Directors. The appointment of the Promoter Directors shall be, in accordance with applicable law.

### **PROCEEDINGS OF THE BOARD**

76. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
77. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
78. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.
79. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
80. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
81. (i) A committee may elect a Chairperson of its meetings.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
82. (i) A committee may meet and adjourn as it thinks fit.
- (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
83. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
84. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

85. Subject to the provisions of the Act,
- (i) A chief executive officer, manager, Company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, Company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
- (ii) A director may be appointed as chief executive officer, manager, Company secretary or chief financial officer.



- 86.** A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, Company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, Company secretary or chief financial officer.

#### **THE SEAL**

- 87. (i)** The Board shall provide for the safe custody of the seal.
- (ii)** The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose. and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

#### **DIVIDENDS AND RESERVE**

- 88.** The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
- 89.** Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.
- 90. (i)** The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit.
- (ii)** The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
- 91. (i)** Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (ii)** No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (iii)** All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
- (iv)** Any amount paid-up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof, in dividend subsequently declared.
- 92.** The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
- 93. (i)** Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (ii)** Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

**94.** Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

**95.** Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

**96.** No dividend shall bear interest against the Company.

**97. (i)** Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called “Unpaid Dividend Account”.

**(ii)** Any money transferred to the unpaid dividend account of a Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and Protection Fund established under section 125 of the Act and the Company shall send a statement in the prescribed form of the details of such transfer to the authority which administers the said fund and that authority shall issue a receipt to the Company as evidence of such transfer.

**(iii)** All shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more shall be transferred by the Company in the name of the Investors Education and Protection Fund subject to the provisions of the Act and Rules.

**98.** No unclaimed Dividend shall be forfeited by the Board before the claim becomes barred by Law.

#### **REGISTERS TO BE MAINTAINED BY THE COMPANY**

**99.** The Company shall cause to be kept a register and index of members in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of shares held in physical and dematerialised forms in any medium as may be permitted by law including in any form of electronic medium. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members Resident in that State or Country.

#### **ACCOUNTS**

**100. (i)** The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors.

**(ii)** No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

#### **WINDING UP**

**101.** Subject to the provisions of Chapter XX of the Act and rules made thereunder

**(i)** If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

**(ii)** For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

**(iii)** The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### **INDEMNITY**

- 102.** Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

## **PART B**

### **ENTRENCHED PROVISIONS**

The provisions of this Part B have been inserted pursuant to the Amended and Restated Shareholders' Agreement dated March 29, 2016 ("**Shareholders' Agreement**") between Mr. Ramesh Kancharla, Ms. Padma Kancharla, Mr. Dinesh Kumar Chirla, CDC Group Plc, CDC India Opportunities Limited ("**CDC India**") and the Company. Further, the Company, Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla, Ms. Padma Kancharla and CDC entered into a deed of adherence dated August 24, 2018 with Dr. Adarsh Kancharla, in accordance with the provisions of the Shareholders' Agreement.

In case of any conflict between the provisions of Part A and Part B of these Articles of Association, the provisions of Part B shall prevail over the provisions of Part A to the extent of such conflict. The provisions of Part A shall be subject to the provisions of Part B for as long as the provisions of Part B have effect.

Notwithstanding the foregoing or anything contained in these Articles, Part B (including all annexures and schedules thereto) shall stand automatically terminated, deleted and cease to have force and effect from the date of receipt of final listing and trading approvals from the stock exchanges on which the Equity Shares of the Company are proposed to be listed, following an initial public offering of the Equity Shares of the Company, without the requirement of any further action by the Company or its Shareholders. Part A will continue to be in effect from the date of receipt of the above-mentioned final listing and trading approvals.

## **CHAPTER - I**

### **1. APPLICATION OF TABLE- F**

The regulations contained in Table 'F' of the Schedule I to Companies Act, 2013, so far as they are applicable to a Public company, shall apply to this Company save in so far as they are expressly or immediately excluded by the following Articles.

### **2. COMPANY TO BE PUBLIC COMPANY**

The Company is a public company within the meaning of Section 2 (71) of the Companies Act, 2013.

### **3. The Authorised Capital of the Company is such as is provided in Clause V of the Memorandum of Association of the Company.**

### **4. SHARES UNDER THE CONTROL OF DIRECTORS**

The issue of shares shall be under the control of Directors who may allot or otherwise dispose of the same to such persons and on such terms and conditions as they think fit.

### **5. SHARES OTHER THAN FOR CASH**

The Directors may with the sanction of the Company in general meeting issue shares other than for cash to the members or others in recognition of their services rendered for the promotion and working of the Company.

### **6. LIABILITY OF JOINT SHARE HOLDERS**

The joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares.

### **7. SHARES TO MINOR**

The Company shall be entitled to register any shares in the name of any minor person if fully paid and allow

the dividend thereof to be collected by or shares transferred by such minor shareholders.

#### **8. NOTICE OF CHANGE OF NAME**

No member who shall change his name shall be entitled to recover any dividend or to vote until notice of the change be given to the Company or order that the same be registered.

#### **9. SHARE CERTIFICATE**

The certificate of the title of shares be issued under the seal of the Company, in accordance with the Companies (Share Capital and Debenture) Rules, 2014.

#### **10. MEMBERS RIGHT TO CERTIFICATE**

Every member shall be entitled, free of charge, to one certificate for all the shares registered in his name. Every certificate of shares shall specify the member(s), distinctive numbers of the shares in respect of which it is issued, and the amount paid thereon. For any further certificates the Director shall be entitled to buy shall not be bound to prescribe or demand a charge of fee not exceeding one rupee per certificate. The Company shall not be bound to issue more than one certificate in respect of the same share to joint holder.

#### **11. ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED**

If any certificate be worn out, defaced, destroyed or lost or if there is no further space it may be renewed or replaced on payment of such sum not exceeding one rupee as the Directors may from time to time prescribe provided however, that such new certificate shall not be granted except upon delivery of the worn out or defaced or used up certificate for the purpose of cancellation upon proof destruction or loss to the satisfaction of the Directors and on such indemnity as the Directors deem adequate in case of a certificate, having been destroyed or lost and any duplicate shall be marked as such.

#### **12. CALLS**

The Directors may, from time to time make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay amount of every call so made on him to the persons and at the time and place appointed by the Directors. A call may be deemed to have been made when the resolution of the Directors authorizing such call was passed.

#### **13. NOTICE OF CALLS**

At least fourteen days' notice of the calls shall be given specifying the time and place of payment and to whom such shall be paid.

#### **14. DIRECTORS DISCRETION TO EXTEND THE TIME FIXED FOR PAYMENT**

The Directors may from time to time at their discretion on extend the time fixed for the payment of any calls and may extend such time as to all or any of the shareholders.

#### **15. WHEN INTEREST ON CALL OR INSTALLMENT PAYABLE**

If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holders for the time being of the share in respect of which the call shall have been made or the installment shall have been made or the installment shall have been made or the installment shall pay interest for the same at the rate of sixteen per cent per annum or at such lower rate as the Directors may appoint for the payment thereof to the time of actual payment and expenses that may have incurred by the Company by reason of such non-payment. The Directors may however in their absolute discretion forego payment of any interest and or expenses when in their opinion it is just and equitable to do so.

#### **16. SUM PAYABLE AT FIXED TIME TO BE TREATED AS CALL**

The provision of these Articles as to payment of interest shall apply in the case of non-payment of any sum which by the terms of the issue of the shares, become payable at a fixed time, whether on account of the

nominal amount of the share or by virtue of a call duly made and notified.

#### **17. EVIDENCE IN ACTION FOR CALL**

On trials or hearing of any action or the recovery or any money due for any call, it shall be sufficient to prove that the name of the member is entered in Register as holder or one of the holders of the shares in respect of which such debt is accrued, that the resolution on making the call is duly recorded in the minutes book, and that the motive of such calls was duly given to the member used in these presents and it shall not be necessary to prove the appointment of the Directors who made such call, not any other matter whatsoever, but the proof of matter aforesaid shall be conclusive evidence of the debt.

#### **18. PARTIAL PAYMENT NOT BE PRECLUDE FORFEITURE**

Neither receipt by the Company of any part of the money which shall from time to time be due from any member to the Company in respect of his shares whether by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceedings to enforce a forfeiture of such shares as hereinafter provided.

#### **19. TO SET OFF MONEY DUE TO SHARE HOLDER FROM THE COMPANY**

Any money due from the Company to a shareholder may without the consent of such shareholders, be applied by the Company in or towards payment of any money due from him to the Company for calls or otherwise.

#### **20. IF CALLS OR INSTALLMENT NOT PAID NOTICE MAY BE GIVEN**

If any member fails to pay any call or installment on or before, the day appointed for the same, the Directors may at any time thereafter during such time as the call or any part thereof remains unpaid, serve a notice on such member, requiring him to pay the same together with any interest that may be accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

#### **21. NOTICE**

The notice shall name a day (not being earlier than the expiry of fourteen days from the date of receipt of notice) and place or places, on and at which such call or installments or part thereof as the case may be and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to the forfeited.

#### **22. IF ANY NOTICE NOT COMPLIED WITH SHARES MAY BE FORFEITED**

If the requisitions of any such notice aforesaid are not complied with, any shares in respect of which such notice has been given may, at any time, thereafter, before payment of all calls or installments or any part thereof, as the case may be and interest and expenses, due in respect thereof, be forfeited by a resolution of the Directors.

#### **23. NOTICE OF FORFEITURE**

When any such share shall have been so forfeited notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the register.

#### **24. FORFEITED SHARES BECOME PROPERTY OF COMPANY**

Any shares forfeited, shall be deemed to be the property of the Company, and the Directors may sell, or otherwise dispose of the same in such manner as they think fit.

#### **25. ANNULMENT OF FORFEITURE**

Any shares forfeited, shall be deemed to be the property of the Company, and the Directors may sell, or

otherwise dispose of the same in such manner as they think fit.

## **26. ARREARS TO BE PAID NOTWITHSTANDING FORFEITURE**

Any member whose shares have been forfeited shall, notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the Company, all call installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon, from the time of the forfeiture until payment, at the rate of 6 % per annum and the Directors may enforce the payment of such money or any part thereof if they think fit but shall not be under obligation to do so.

## **27. LIEN**

The Company shall have first and paramount lien upon all shares, not being fully paid up shares, registered in the name of each shareholder, for his debts and liabilities solely or jointly with any other person, and when any share is held by more persons than one the Company shall have lien thereon in respect of the holders thereof.

## **28. TRANSMISSION OF SHARES**

- a) The legal representatives or executors or administration of a deceased member (not being one of the several joint holders) shall be the only person recognised by the Company as having any title to the share registered in the name of such member and in the case of the death of any one or more of the joint registered holders of any shares, the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares.
- b) Nothing in 28 (a) shall release the estate of a deceased joint holder from any liability in respect of any share which was jointly held by him with other persons.
- c) Any person becoming entitled to the share in consequence of death of insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect either (i) to be registered himself as a holder of the share, or (ii) to make such transfer of the share, as the deceased or insolvent member could have made.
- d) The Board shall in either case, have the same right to decline or suspend registration as it would have had if the deceased or insolvent member had transferred the share before his death or insolvency.

## **29. INCREASE IN CAPITAL**

The Company in general meeting may from time to time increase capital by issuing new shares of such amounts as may be determined in accordance with the provisions of the Companies Act, 2013, and the regulations of the Company.

## **30. REDUCTION OF SHARE CAPITAL**

Subject to the confirmation of the court, the Company may from time to time by special resolution and in any manner authorised by law reduce its share capital, in any way and in particular without prejudice to the generality of the foregoing power by.

- a) Extinguishing or reducing the liability on any of its shares in respect of share capital not paid up.
- b) Either with or without extinguishing or reducing liability on any of its shares, cancel and paid up share capital which is not or is unrepresented by available assets.
- c) Either with or without extinguishing or reducing liability on any of its shares, cancel any paid up share capital which is in excess of the wants of the Company any may, so far as is necessary, alter its memorandum by reducing the amount of its share capital and if its shares accordingly.

## **31. BORROWING POWERS**

Subject to provisions of Act, the Directors may from time to time at their discretion, raise or borrow or secure

the payment of any sum or sums of money for the purpose of the Company business and may secure the payment or repayment of such money by mortgage or charge upon the whole or any part of the assets and property of the Company (present and future) including its uncalled and unpaid capital.

### **32. BONDS, DEBENTURES UNDER THE CONTROL OF DIRECTORS**

Subject to as aforesaid, any bonds, Debenture Stock or other securities issued by the Company shall be under the control of the Directors, who may issue them upon such terms and conditions and in such manner and for such condition as they shall consider to be for the benefit of the Company.

### **33. INDEMNITY**

Subject to the provisions of the Act and so far as such provisions permit, every Director, Manager, Secretary, Auditor and other officer or servant of the Company shall be indemnified by the Company against and it shall be the duty of the Directors to pay out of the funds of the Company, all costs, losses and expenses which any such Director, Officer or servant may incur or become liable by reason of any contract entered into or act or thing done by him as Director, Officer or Servant or in any way in the discharge of his duties including travelling expenses and the amounts for which indemnity is provided shall immediately attach as lien on the property of the Company and have priority as between the members of all other claims.

The Company may indemnify any Director or officer of the Company or any person employed by the Company or auditor proceeding so far as they relate to the discharge of his duties whether Civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 463 of the Companies Act, 2013 in which relief is granted by the court.

### **34. NOTICE OF GENERAL MEETING**

- 1) Every notice of a meeting of the Company shall specify the place, date and the hour of the General meeting and shall contain a statement of the business to be transacted thereunder.
- 2) The accidental omission to give notice of a meeting to or non-receipt of notice of meeting by any person entitled to receive notice shall not invalidate any resolution passed or proceedings at the meeting.
- 3) Every Annual General meeting shall be called on a day which is not a public holiday shall be held during the business hour at the Registered Office of the Company or at any place in the city in which the Registered Office of the Company is situated.

35. A member present in person or by proxy or attorney and being a holder of equity shares entitled to vote shall have one vote. On a poll, each member shall be entitled to vote proportionate to his holding of shares. In the case of joint holders, the person whose name is first entered in the register of members only shall be entitled to vote and in his absence any of the joint holders in the order of entry in the Members Register, present shall vote.

### **36. SHARE QUALIFICATION NOT APPLICABLE**

Any person whether a member of the Company or not may be appointed as a Director and no qualifications by way of shareholding is required from any Director.

### **37. CO-OPTION OF DIRECTORS**

The Board shall have power to co-opt one or more persons to be Directors, but so that the total number shall not exceed the maximum number fixed in Article 61.1(1).

### **38. DIRECTORS SITTING FEES**

Each Director shall be paid out of the funds of the Company such amount of remuneration or sitting fee as prescribed under the Companies Act, 2013 or amendment thereof from time to time for every meeting of the directors or committee thereof at which he shall be present in person besides travelling hotel and other expenses, actually incurred.



### **39. SPECIAL REMUNERATION TO DIRECTORS**

Subject to the provisions of the Act, if any Director shall be appointed to advise the Board of Directors as an expert or be called upon to perform extra services or makes exertions for any purpose of the Company, the Board of Directors, may pay such Director, such special remuneration as they think fit which remuneration may be in the form of either salary, commission or a lumpsum payment and may either be in addition or in substitution to the remuneration specified in the last preceding Article.

### **40. GENERAL POWER OF COMPANY TO BE VESTED IN DIRECTORS**

The business of the Company shall be managed by the Directors who may pay all expenses incurred in getting the Company and may exercise all such powers of the Company as are not required to be exercised in general meeting by the Act, or any statutory modification thereof for the time being in force or by these Articles, subject nevertheless to any regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting. But no regulations made by the Company in general meeting shall invalidate any prior act of the Directors which have been valid if the regulations has been made.

### **41. APPOINTMENT OF DIRECTOR FROM FINANCIAL INSTITUTION WHICH CONTRIBUTE TOWARDS SHARE CAPITAL**

If and when the Company arranges to get substantial share capital of the Company taken up by recognized financial or Industrial Development Corporation, and if in terms of agreement for such financial help the appointment of their representative is required, their representative shall accordingly be appointed as Director. The Directors so appointed shall not be liable to retirement by rotation and shall not be required to hold qualification shares.

### **42. DIRECTOR FROM LENDING INSTITUTION**

If and when the Company borrows money or secures guarantee from national or international financing bodies or corporations, brokers or Government or Semi- Government organizations and if in terms of the agreement with them relating to the borrowing of funds or for any other consideration or purpose to promote the subject of the Company the appointment of their representatives as Directors of the Company is required, their representatives shall accordingly be appointed as Directors. The Directors so appointed shall not be liable to retire by rotation and shall not be required to hold qualification shares. Such Directors shall also be taken into consideration for determining the strength of the Board under Article 41 above.

### **43. POWER OF MANAGING DIRECTOR, JOINT MANAGING DIRECTOR AND WHOLE-TIME DIRECTOR**

- 43.1. The Board may from time to time appoint one or more of its members to the office of Managing Director, Whole time Directors on such terms and on such remuneration (whether by way of salary or by commission or partly in salary and partly in commission) as they think fit, but the appointment shall be subject to the determination ipso facto if he ceases for any cause to be a Director, or the Company in General meeting resolve that the tenure of office of the Managing Director, Joint Managing Director, Whole-time Director be determined.
- 43.2. The Directors may from time to time entrust or confer upon the Managing Director, Whole time Director for the time being such of the powers exercisable by the Director as they may think fit, and they may confer such powers for such time and be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of Directors in that behalf and may from time to time withdraw, revoke, alter or vary all or any of such powers.

### **44. MEETING OF DIRECTORS**

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meeting and proceedings, as they may think fit.

#### **45. NOTICE OF MEETING**

Notice of every meeting of Board of Directors of the Company shall be given in writing to every Director in India in the manner set forth in Article 61.3 of Chapter II. In case of a Director who is not in India, notice shall be sent to his usual address in India.

#### **46. QUORUM FOR BOARD MEETINGS**

Subject to Article 61.4, the quorum of meeting of the Board of Directors of the Company shall be one-third of its total strength (and fraction in that one-third being rounded off as one) or two Directors whichever is higher.

47. Subject to provisions of the Act, the chairman of the Board or Managing Director or any two Directors, may at any time convene a meeting of the Board of Directors.

#### **48. POWERS OF BOARD IN MEETING**

A meeting of the Board of Directors for the time being at which quorum is present shall be competent to exercise all or any of the authorities, power and directions by or under the Articles of the Company for the time being vested in or exercisable by the Directors.

#### **49. QUESTIONS HOW TO BE DECIDED AT BOARD MEETING**

Subject to Article 63, Questions arising at any meeting of the Board shall be decided by a majority of votes, and in case any equality of votes, Chairman shall have a second or casting vote.

#### **50. POWERS TO APPOINT COMMITTEES AND TO DELEGATE FUNCTIONS**

Subject to the provisions of Section 179 of the Companies Act, 2013, the Directors may delegate any of their powers to a committee consisting of such number of their body as they think fit and may from time to time revoke such delegations. Any powers so delegated conform to any regulations that may from time to time be imposed upon it by the Directors. The remuneration of members of a committee so formed shall be from time to time fixed by the Board of Directors.

#### **51. WHEN ACTS OF DIRECTORS OF COMMITTEE VALID NOTWITHSTANDING DEFECTIVE APPOINTMENT, ETC.,**

All acts done at any meeting of the Directors by any person acting as Directors shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or person acting as aforesaid or that they or any of them were disqualified be as valid as if every such person had been duly appointed and was qualified to be a Director.

#### **52. PASSING OF RESOLUTION BY CIRCULATION**

A resolution which has been circulated in draft together with which all the necessary papers, to all the Directors in India (not being less than the quorum fixed in Article 47 and to all other Directors at their usual address in India and has been approved and signed by all the Directors in India or by a majority of them as one and effectual as it had been passed at a duly convened Board meeting.

#### **53. SEAL OF THE COMPANY**

The Directors shall provide a common seal of the Company and every instrument for which the seal is affixed shall be signed by any of the Directors authorised by the Board of Directors.

#### **54. DISTRIBUTION OF ASSETS IN WINDING UP OF THE COMPANY**

In a winding up the liquidator may, with the sanction of special resolution, distribute all or any of the assets of the Company in specie among the contribution in accordance with their respective right.

## 55. SECRECY

Every Director, Manager, Trustee, member of the committee, Officer, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties sign a declaration, pledge himself not to reveal any of the matters which come to his knowledge in the discharge of his duties except when required so to do by the Directors or by court of law and except so far as may necessarily be in order to comply with any of the provisions in these present contained.

## 56. INSPECTION OF BOOKS, REGISTERS, DOCUMENTS, ETC.,

56.1. The Board shall, from time to time determine whether and to what extent and at what time and places under what conditions, or regulations the books and documents of the Company or any of them shall be open to inspection of the members and no member (not being Director) shall have any right of inspecting any account book or document of the Company except as conferred by statute or authorised by the Directors or by a resolution of the Company in General Meeting.

56.2. The books, registers and other documents required to be maintained by the Company and kept open for inspection under the provisions of the Act, shall be available for inspection at the registered office of the Company by the persons entitled there to the extent and in the manner and on payment of the requisite fees, if any specified in the aforesaid provisions, between the hours of 10 A.M. to 12 noon each business day.

## CHAPTER II

### OVERRIDING EFFECT

Articles 57 to 80 shall have effect notwithstanding anything to the contrary contained in Articles 1 to 56 above, as regards or in relation to the Parties (as defined below). It is clarified that the matters listed in Articles 57 to 80 are in addition to all other rights that the Investor (as defined below) has as a shareholder of the Company under these Articles.

In the event of any conflict between the matters listed in Chapter I of Part B of these Articles and the relevant provisions of the matters listed in Chapter II of Part B of these Articles, the relevant provisions of Chapter II of Part B of these Articles shall prevail.

For any clarification with respect to Chapter II of Part B of these Articles, reference shall be made to the Investment Agreement (*as defined below*) and for this purpose, the Investment Agreement shall be deemed to be part of these Articles, as if incorporated herein. Terms capitalized but not defined herein shall have the meaning ascribed to them under the Investment Agreement. At the request of the Investors, these Articles shall be amended to reflect the terms of the Investment Agreement.

## 57. DEFINITIONS AND INTERPRETATION

### 57.1. Definitions

In Chapter II of Part B of these Articles, and unless the context requires otherwise, the following words and expressions shall have the following meanings:

57.1.1 “**Act**” means the Companies Act, 1956 or the Companies Act, 2013, as applicable;

57.1.2 “**Adjourned Meeting**” has the meaning attributed to it in Article 59.4;

57.1.3 “**Affiliate**” means, in relation to any Person, any entity controlled, directly or indirectly, by that Person, any entity that controls, directly or indirectly, that Person, or any entity under common control with that Person or, in the case of a natural Person, any Relative (as such term is defined in the Act, of such Person. For the purpose of this definition:

“**Control**” means the power to direct the management and policies of an entity whether through the ownership of voting capital, by contract or otherwise;

(i) A holding or subsidiary company of any entity shall be deemed to be an Affiliate of

- that entity; and
- (ii) The Company shall be deemed not to be an Affiliate of any Investor.  
Provided that with reference to an Investor, any Related Party of such Investor shall be deemed to be an Affiliate of such Investor;
- 57.1.4 **Amendment Agreement** shall mean the Amendment and Supplemental Agreement dated December 24, 2015 between Mr. Ramesh Kancharla, Ms. Padma Kancharla and Mr. Dinesh Kumar Chirla, CDC Group Plc, CDC India Opportunities Limited (“**CDC India**”) and the Company to the Initial Agreement,
- 57.1.5 **“Annual Budget”** has the meaning attributed to it in Article 67.18 below;
- 57.1.6 **“Board”** means the board of directors of the Company;
- 57.1.7 **“Business”** means the business of operating any form of hospitals, clinics, day care facilities to operate surgical procedures, diagnostic centers, pharmacies or other medical facilities, imparting medical education by running / operating schools, colleges or any form of educational institutions and shall include the Existing Business;
- 57.1.8 **“Business Day”** means a day (excluding Saturdays and Sundays) on which banks generally are open in Hyderabad, India; and London, England for the transaction of normal banking business;
- 57.1.9 **“Business Plan”** means the business plan of the Company as updated from time to time;
- 57.1.10 **“Buy-Back Notice”** has the meaning attributed to it in Article 70.1 below;
- 57.1.11 **“Buy-Back Price”** has the meaning attributed to it in Article 70.2 below;
- 57.1.12 **“CCPS”** except for the purpose of Clause 7 of the Initial Agreement, shall mean collectively the Series A CCPS and the Series B CCPS;
- 57.1.13 **“CDC”**, except for the purpose of Clause 7 of the Initial Agreement, shall mean CDC Group Plc, a public company incorporated under the laws of England having its registered office at 123 Victoria Street, London, SW1E 6DE and / or CDC India Opportunities Limited, having its registered office at 123 Victoria Street, London, SW1E 6DE (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to include its successors and permitted assigns);
- 57.1.14 **“Claimant”** has the meaning attributed to it in Article 76.3 below;
- 57.1.15 **“Competitor”** means any Person (except the Company and its Group Companies) which is engaged in and:
- (i) deriving majority (>50%) of its revenues from; or
  - (ii) having majority of its assets in facilities involved in; activities which are the same as or substantially similar to the Business and shall include any Person that is Controlling/Controlled by/ having common Control with any Person who is a Competitor in accordance with the foregoing. Provided however that any Person which is a Financial Investor and not being directly or indirectly a nominee or representative of a Competitor shall not be considered to be a Competitor;
- 57.1.16 **“Completion Date”** shall (i) in respect of CDC Group Plc shall mean August 13, 2013 and (ii) in respect of CDC India shall be February 4, 2016;
- 57.1.17 **“Connected Person/Concern”** of the Company includes:-
- (i) any company under the same management (as defined by the Act) as the Company;
  - (ii) any Person deemed to be a “Related Party” as per the provisions of the Accounting Standards 18 as applicable;
  - (iii) any Key Employee of the Company;
  - (iv) the Promoters and the Other Shareholder or any Affiliate of the Promoters and/or the Other Shareholder;

- (v) the settlors, trustees and beneficiaries of any trust in which the Company, the Promoters or the Other Shareholder is either a trustee or beneficiary;
  - (vi) any director of the Company or of any holding or subsidiary company of the Company or of any Affiliate of the Company;
  - (vii) any Affiliate of the Company;
  - (viii) any trust in which any Promoter or the Other Shareholder is a trustee or beneficiary;
  - (ix) all Persons which have been disclosed by any director of the Company under the provisions of the Act (“**such director**”), which are to be regarded as concerned or interested in any contract or arrangement which may be entered into by the Company with such Person;
  - (x) any firm or unlisted company in which the Company or the Promoters, the Other Shareholder, any such director is a partner, shareholder or director or has any share, control or interest; and
  - (xi) any listed company in which the Company, the Promoters, the Other Shareholder, any such director is a director or hold/s shares exceeding 5% of the paid-up equity share capital of such listed company;
- 57.1.18 “**Consent**” means any consent, approval, authorization, waiver, permit, grant, franchise, concession, license, certificate, exemption, order, registration, declaration, filing, report or notice of, with or to any Person;
- 57.1.19 “**Corrupt Act**” means:
- (i) the promise, offering or giving to, and/or the solicitation or acceptance by, any person, directly or indirectly, of anything of value, in order to improperly induce any person to take action or refrain from action in connection with any business and includes, inter alia, any act that would constitute a violation of UK Bribery Act, 2010 and any anti-corruption law of India that is applicable to the Company and/or any Investor;
  - (ii) any action or omission, including any misrepresentation that knowingly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation;
  - (iii) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements, in order to materially impede a government Investor, or third-party investigation into allegations of the matters referred to in (a) or (b) above, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
  - (iv) an act intended to materially impede the exercise of a government, any Investor or third party to access contractually required information in connection with an investigation into allegations of the matters referred to in (a) or (b) above;
- 57.1.20 “**Deed of Assumption**” has the meaning attributed to it in Article 67.10;
- 57.1.21 “**Dilution Instrument**” has the meaning attributed to it in Article 67.6;
- 57.1.22 “**Dispute Notice**” has the meaning attributed to it in Article 76.1 below;
- 57.1.23 “**Disputing Parties**” has the meaning attributed to it in Article 76.1 below;
- 57.1.24 “**Drag-Along Buyer**” has the meaning attributed to it in Article 71.2 below;
- 57.1.25 “**Drag-Along Notice**” has the meaning attributed to it in Article 71.3 below;
- 57.1.26 “**Drag-Along Securities**” has the meaning attributed to it in Article 71.2 below;
- 57.1.27 “**Encumbrance**” means any encumbrance including, without limitation, any claim, deed of trust, right of others, security interest, burden, title defect, title retention agreement, Lease, debenture, mortgage, pledge, charge, hypothecation, lien, deposit by way of security, bill of sale, option interest, beneficial ownership (including usufruct and similar entitlements), encroachment, public right, easement, common right, way leave, any provisional or executorial attachment and any

other interest held by a third party;

- 57.1.28 **"Environment"** means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:  
(a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);  
(b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and  
(c) land (including, without limitation, land under water);
- 57.1.29 **"Environmental Law"** means any statutory law, regulation or other law (including international treaty obligations), binding statutory guidance and the like in any relevant jurisdiction relevant to the Company and its Subsidiaries relating to the Environment, pollution of the Environment, natural resource management, human health or safety or the welfare of any other living organism which applies to the company concerned, its premises or its activities;
- 57.1.30 **"Environmental Permits"** means any permit, license, authorization or consent required pursuant to applicable Environmental Laws;
- 57.1.31 **"Equity Securities"** means any Equity Shares or any securities of the Company, representing, or representing a right (upon conversion, exercise, exchange or otherwise) to receive, Equity Shares and shall include First Tranche Shares, Second Tranche Shares and Third Tranche Shares;
- 57.1.32 **"Equity Shares"** means the equity shares of Rs. 10/- (Rupees Ten) each issued by the Company;
- 57.1.33 **"ESG Action Plan"** means an environmental, social and governance action plan in the Agreed Form defining actions, responsibilities, budgets, deliverables, compliance indicators, and a timeframe for the measures required to remedy the known non-compliances with the ESG Requirements in the business activities of the Company, including the establishment of an appropriate ESG Management System, as may be amended with the approval of the Investor from time to time;
- 57.1.34 **"ESG Claim"** means any claim, proceeding or investigation by a Person in respect of any Environmental Laws, Social Laws or Governance Laws or Environmental Permits;
- 57.1.35 **"ESG Co-ordinator"** has the meaning attributed to it in Article 67.25 below;
- 57.1.36 **"ESG Management System"** means a management system appropriate to the size and nature of the business, that (1) promotes the use of quantified targets for occupational health and safety, environmental and social issues and continuous improvement in relation to the Group's business, and (2) ensure a systematic approach to environmental, social and governance risk assessment, addressing relevant risks, monitoring and reporting on progress and (to the extent possible) involving stakeholders, that system to be satisfactory to the Investors;
- 57.1.37 **"ESG Requirements"** means, to the extent applicable to any Group Company, the requirements set out in Article 78;
- 57.1.38 **"Event of Default"** has the meaning attributed to it in Article 73.1;
- 57.1.39 **"Exchanges"** means the Bombay Stock Exchange Limited, the National Stock Exchange (including, in either case, any successor thereto) and any internationally recognized stock exchange or quotation system acceptable to the Investors and the Promoters;
- 57.1.40 **"Excluded Activity"** means any of the activities listed in Article 78.4;
- 57.1.41 **"Existing Business"** means the business of providing healthcare services to women and children in India through operation of medical facilities (such as hospitals, maternity units, out-patient departments etc.) which are fully departmentalized and equipped with the service capabilities needed to support certified medical specialists and other licensed physicians rendering services in the field of medicine (including, without limitation, in-patient care, out-patient care and tests)

whether each or some of them separately or all of them together;

- 57.1.42 **"Expenses"** has the meaning attributed to it in Article 58.11;
- 57.1.43 **"Financial Investor"** shall mean any Person who is not a Competitor and who is engaged in the business of investing in securities including shares. It is clarified that a Person who is engaged in the business of investing in securities shall be a Financial Investor even if such Person is in Control of a Competitor;
- 57.1.44 **"Financial Year"** means a financial year commencing on 1 April of a calendar year and ending on 31 March in the immediately succeeding calendar year;
- 57.1.45 **"Fully Diluted"**, in calculations involving share capital or number of shares, means the calculation that should be made assuming that all outstanding convertible preference shares or debentures, options, employee stock options (if any issued by, or held directly in, the Company), warrants and other equity-linked securities convertible into or exercisable or exchangeable for, equity shares of a Person (whether or not, by their term, then currently convertible, exercisable or exchangeable) have been so converted, exercised or exchanged, and the term "Fully Diluted Basis" shall be construed accordingly;
- 57.1.46 **"Fundamental Reserved Matters"** means the Reserved Matters in Article 77.2;
- 57.1.47 **"Governance Laws"** means any law, rule or regulation relating to bribery, corruption, financial crime, anti-terrorism, terrorism financing, anti-money laundering, export controls, trade embargoes, travel bans applicable to any Group Company or to the Investors including, without limitation, the economic sanctions and regulations of a Sanctioning Body, any European Union restrictive measure that has been implemented pursuant to any European Council or Commission Regulation or Decision adopted pursuant to a Common Position in furtherance of the European Union's Common Foreign and Security Policy;
- 57.1.48 **"Governmental Approvals"** means any Consent of, with or to any Governmental Authority;
- 57.1.49 **"Governmental Authority"** includes any nation or government, any state or other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including, without limitation, any government authority, agency, department, board, commission or instrumentality of any nation or any political subdivision thereof; any court, tribunal or arbitrator; and any self-regulatory organization; and includes the Securities and Exchange Board of India ("**SEBI**"), recognised stock exchanges, the Reserve Bank of India ("**RBI**") and the Foreign Investment Promotion Board ("**FIPB**");
- 57.1.50 **"Group Company/ies"** means the Company, any company which is for the time being a Subsidiary of the Company and any entity with whom the Company and/or any Subsidiary has entered into a joint venture arrangement;
- 57.1.51 **"IFC Performance Standards"** means the International Finance Corporation (IFC) 2012 Performance Standards on Social and Environmental Sustainability (including the technical reference documents known as World Bank Group Environmental, Health, and Safety (EHS) Guidelines) which may be downloaded from the IFC website:
- |     |                                                                                                                                                           |             |             |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| (a) | IFC                                                                                                                                                       | Performance | Standards:  |
|     | <a href="http://www.ifc.org/ifcext/enviro.nsf/Content/PerformanceStandards">http://www.ifc.org/ifcext/enviro.nsf/Content/PerformanceStandards</a> ; and   |             |             |
| (b) | World Bank Group                                                                                                                                          | EHS         | Guidelines: |
|     | <a href="http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines">http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines</a> ; |             |             |
- 57.1.52 **"ILO Convention"** means a convention of the International Labour Organisation (ILO), the tripartite United Nations agency, whose conventions may be downloaded from the ILO website: <http://www.ilo.org/global/standards/lang--en/index.htm>;
- 57.1.53 **"Indebtedness"** as applied to any Person, means, without duplication, (a) all indebtedness for borrowed money, (b) all obligations evidenced by a promissory note, bond, debenture, letter of

credit, or similar instrument, (c) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with Generally Accepted Accounting Principles in India (“GAAP”), (d) notes payable and drafts accepted representing extensions of credit, (e) any obligation owed for all or any part of the deferred purchase price of property or services, (f) all guarantees of any nature extended by such Person with respect to Indebtedness of any other Person and (g) all indebtedness and obligations of the types described in the foregoing articles (a) through (f) to the extent secured by any Encumbrance on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person;

- 57.1.54 **"Initial Agreement"** shall mean the investment agreement dated August 2, 2013, executed between the Company, Mr. Ramesh Kancharla, Ms. Padma Kancharla and Mr. Dinesh Kumar Chirla and CDC Group Plc
- 57.1.55 **"Indemnitee"** has the meaning attributed to it in Article 58.11 below;
- 57.1.56 **"Indemnifiable Amounts"** has the meaning attributed to it in Article 58.11;
- 57.1.57 **"Investor"**, except for the purpose of Clause 7 of the Initial Agreement, shall mean CDC Group and / or CDC India Opportunities Limited, as appropriate, and shall, unless it be repugnant to the context or meaning thereof, be deemed and include their successors and permitted assigns, and the term **"Investors"** shall be construed accordingly.
- 57.1.58 **"Investment Agreement"** shall mean collectively, the (i) Initial Agreement ;(ii) the Amendment Agreement; and (iii) the Restated Agreement.
- 57.1.59 **"Investor Director"** has the meaning attributed to it in Article 58.1 below;
- 57.1.60 **"Investor Group"** in respect of each Investor means, such Investor, any of its Affiliate(s) and its Related Parties;
- 57.1.61 **"Investor Shares"** except for the purpose of Clause 7 of the Initial Agreement" means the Equity Securities from time to time held by any Investor and/or any member of the Investor Group (including the Equity Securities issued to and purchased by any Investor under the terms of the Initial Agreement, the Amendment Agreement and the SPA and any Equity Securities at any time acquired by any Investor or any member of the Investor Group), so long as such Equity Securities are held by any Investor or a member of the Investor Group;
- 57.1.62 **"Investor's Consent"** shall mean the prior written consent of the Investor(s);
- 57.1.63 **"IPO"** means an initial public offering of Equity Shares by the Company in accordance with Article 69;
- 57.1.64 **"IPO Committee"** has the meaning attributed to it in Article 69.10;
- 57.1.65 **"IRR"** means the annual percentage rate by which cash payments made by any Investor (expressed as negative numbers) and cash receipts by such Investor from the Company or the Promoters (expressed as positive numbers) are discounted back (based on a daily computation) from the date of the cash payment or cash receipt to the Completion Date to arrive at an aggregate net present value at the Completion Date of nil, such percentage rate to be calculated in accordance with the xIRR function of Microsoft Excel (2000 version). Provided that for this purpose, any indemnification payments made to such Investor shall not be taken into account. Provided further that all such repayments and distributions as set forth in the foregoing shall be denominated in Indian rupee terms and calculated net of all expenses and without any deductions on account of Taxes;
- 57.1.66 **"Key Employees"** shall mean the chief financial officer, managing director (other than if such managing director is Promoter No. 1), chief executive officer and chief operating officer of the Company and its Subsidiaries;



- 57.1.67 “**Law**” includes all treaties, statutes, enactments, acts of legislature or parliament, laws, codes, ordinances, rules, by-laws, regulations, notifications, guidelines, policies, directions, directives and orders, decisions, decrees of any Governmental Authority, statutory authority, tribunal, board, court or recognised stock exchange and Governmental Approvals;
- 57.1.68 “**Liquidation Event**” has the meaning attributed to it in Article 72.1 below;
- 57.1.69 “**Liquidation Preference Amount**” has the meaning attributed to it in Article 72.1 below;
- 57.1.70 “**Losses**” includes all losses, claims, demands, liabilities, obligations, fines, royalties, deficiencies, costs, and damages (whether direct, indirect, general, special, absolute, accrued, conditional or otherwise and whether or not resulting from third party claims), including interests and penalties with respect thereto and out-of-pocket expenses, including reasonable attorneys’ and accountants’ fees and disbursements;
- 57.1.71 “**Material Adverse Effect**” means any (a) event, occurrence, fact, condition, change, development or effect that is, or may reasonably be, materially adverse to the valuation, business, operations, results of operations, condition (financial or otherwise), properties (including intangible properties), assets (including intangible assets) or liabilities of the Company and/or the Existing Business, or (b) material impairment of the ability of the Company or the Promoters to perform their respective obligations hereunder;
- 57.1.72 “**Mediation**” has the meaning attributed to it in Article 76.1 below;
- 57.1.73 “**Mediation Committee**” has the meaning attributed to it in Article 76.1 below;
- 57.1.74 “**New Price**” has the meaning attributed to it in Article 67.9;
- 57.1.75 “**New Shareholders**” means any shareholder in the Company other than the Promoters, Investors and any member of the Investor Group, and “**New Shareholder**” means any of them;
- 57.1.76 “**Non Disputing Parties**” has the meaning attributed to it in Article 76.1 below;
- 57.1.77 “**Observer**” has the meaning attributed to it in Article 58.4 below;
- 57.1.78 “**Organizational Documents**” means the articles of incorporation, certificate of incorporation, charter, bylaws, memorandum and articles of association, articles of formation, operating agreement, certificate of limited partnership, partnership agreement, and all other similar documents, instruments or certificates executed, adopted, or filed in connection with the creation, formation, or organization of a Person, including any amendments thereto;
- 57.1.79 “**Other Shareholder**” shall mean Mrs. Padma Kancharla;
- 57.1.80 “**Parties**” means the parties to the Investment Agreement (and “**Party**” shall be construed accordingly);
- 57.1.81 “**Person(s)**” means any individual, sole proprietorship, unincorporated association, unincorporated organization, firm, body corporate, corporation, company, partnership, unlimited or limited liability company, joint venture, Governmental Authority, business trust or trust or any other entity or organization;
- 57.1.82 “**Promoter Director(s)**” has the meaning attributed to it in Article 58.2;
- 57.1.83 “**Related Party**” means, with reference each of the Investors:
- (i) Affiliates of such Investor; and
  - (ii) any fund based Persons, directly managed, Controlled by or under the Control of the fund managers of such Investor;
- 57.1.84 “**Relevant Investment Valuation**” has the meaning attributed to it in Article 67.9;

- 57.1.85 **“Reorganisation”** means every issue by way of capitalisation of profits or reserves and every issue by way of rights or bonus and every consolidation or sub-division or reduction of capital, buy-back of securities or capital distribution or other reconstruction or adjustment relating to the Equity Share capital of the Company and any amalgamation or reconstruction affecting the Equity Share capital of the Company;
- 57.1.86 **“Representatives”** means, as to any Person, its accountants, counsels, consultants (including actuarial, and industry consultants), officers, directors, employees, agents;
- 57.1.87 **“Request”** has the meaning attributed to it in Article 76.3 below;
- 57.1.88 **“Required Governmental Approvals”** means any Governmental Approvals required for the consummation of the transactions hereunder and includes any approvals which are granted contingent upon the making of requisite filings;
- 57.1.89 **“Reserved Matters”** means the matters specified in Article 77;
- 57.1.90 **“Respondent”** has the meaning attributed to it in Article 76.3 below;
- 57.1.91 **“Restated Agreement”** means the Amended and Restated Shareholders’ Agreement together with its Schedules and Exhibits;
- 57.1.92 **“ROFO Notice Period”** has the meaning attributed to it in Article 63.4;
- 57.1.93 **“ROFO Transfer Date”** has the meaning attributed to it in Article 63.4;
- 57.1.94 **“ROFO Transfer Notice”** has the meaning attributed to it in Article 63.4;
- 57.1.95 **“ROFO Transfer Period”** has the meaning attributed to it in Article 63.4;
- 57.1.96 **“ROFO Transfer Price”** has the meaning attributed to it in Article 63.4;
- 57.1.97 **“ROFO Transfer Shares”** has the meaning attributed to it in Article 63.4;
- 57.1.98 **“Rules”** has the meaning attributed to it in Article 76.2;
- 57.1.99 **“Rupees”** or **“Rs.”** means the lawful currency of the Republic of India;
- 57.1.100 **“Sanctioning Body”** means any one or combination of the following entities: the United Nations Security Council, the European Union and/or Her Majesty’s Treasury of the United Kingdom;
- 57.1.101 **“Shareholders Meeting”** has the meaning attributed to it in Article 59.7;
- 57.1.102 **“Social Law”** means any law, rule or regulation (including international treaty obligations) applicable in the jurisdiction relevant to the Company concerning (i) labour or the protection of employees including the payment of wages which meet or exceed industry or legal national minima, (ii) social security, (iii) the regulation of industrial relations (between government, employers and employees), (iv) the protection of occupational as well as public health and safety, (v) regulation of public participation (vi) the protection and regulation of ownership of land rights (both formal and traditional), immovable goods and intellectual property rights, (vii) the protection and empowerment of indigenous peoples and ethnic groups, and (viii) the protection, restoration and promotion of cultural heritage;
- 57.1.103 **“Subsidiary”** has the meaning given to such term in Section 4 of the Act, and with respect to the Company, shall include without limitation, Rainbow Institute of Medical Sciences Private Limited (**“RIMSPL”**), Rainbow Institute of Health Sciences Private Limited (**“RIHSPL”**), Rainbow Children Hospital Private Limited (**“RCHPL”**), Rainbow Women and Children Hospitals Private Limited (**“RWCHPL”**), and Rainbow Speciality Hospitals Private Limited (**“RSHPL”**);

- 57.1.104 “**Tag Acceptance Notice**” has the meaning attributed to it in Article 63.41.1(h);
- 57.1.105 “**Tag Period**” has the meaning attributed to it in Article 63.41.1(h);
- 57.1.106 “**Tag Notice**” has the meaning attributed to it in Article 63.41.1(g);
- 57.1.107 “**Tag-Along Securities**” has the meaning attributed to it in Article 63.41.1(h);
- 57.1.108 “**Tag Transferee**” has the meaning attributed to it in Article 63.41.1(g);
- 57.1.109 “**Tax**” or “**Taxation**” means any central, federal, state, local or foreign income, alternative, minimum, accumulated earnings, sales, use, value added, transfer, registration, transaction, stamp, excise, customs, real property, personal property, ad valorem, occupancy, occupation, withholding, dividend or other similar tax, duty, fee, contribution, levy, impost, assessment or other governmental charge or deficiencies thereof (including all interests, surcharges, fines and penalties thereon and additions thereto) due, payable, levied or imposed upon;
- 57.1.110 “**Third Party Buyer**” has the meaning attributed to it in Article 71.1;
- 57.1.111 “**Transfer**” includes any transfer, assignment, sale, disposal, lease or Encumbrance;
- 57.1.112 “**Transferee**” shall be any Person to whom Equity Securities are Transferred;
- 57.1.113 “**Transfer Notice**” has the meaning attributed to it in Article 63.4(a);
- 57.1.114 “**Transferring Promoter**” has the meaning attributed to it in Article 63.4(a);
- 57.1.115 “**Updated Business Plan**” has the meaning attributed to it in Article 67.16;
- 57.1.116 “**Valuer**” has the meaning attributed to it in Article 70.2;
- 57.1.117 “**Written Consent**” has the meaning attributed to it in Article 62.1.

## 57.2. Interpretation

- 57.2.1 In these Articles, unless the context requires otherwise:
- 57.2.2 the headings are inserted for ease of reference only and shall not affect the construction or interpretation of these Articles;
- 57.2.3 references to one gender shall include all genders;
- 57.2.4 any reference to any enactment or statutory provision is a reference to it as it may have been, or may from time to time be, amended, modified, consolidated or re-enacted (with or without modification) and includes all instruments or orders made under such enactment;
- 57.2.5 words in the singular shall include the plural and vice versa;
- 57.2.6 any reference Article, Schedule or Exhibit shall be deemed to be a reference to a Article, Schedule or Exhibit of these Articles;
- 57.2.7 references to an agreement or document shall be construed as a reference to such agreement or document as the same may have been amended, varied, supplemented or novated in writing at the relevant time in accordance with the requirements of such agreement or document and, if applicable, of these Articles with respect to amendments.
- 57.2.8 any reference to a Party to these Articles shall include, in the case of a body corporate, references to its successors and permitted assigns and in the case of a natural Person, to his or her heirs, executors, administrators and legal representatives, each of whom shall be bound by the provisions of these Articles in the same manner as the Party itself is bound

- 57.2.9 any reference to a document in Agreed Form is to a document in form and substance agreed among the Promoters and the Investors;
- 57.2.10 expressions defined in ILO Conventions or IFC Performance Standards have the same meaning in these Articles;
- 57.2.11 references to governmental, supranational, or international bodies or their procedures, protocols or conventions (including IFC Performance Standards and ILO Conventions), to treaties or to other rules, regulations issued by or deriving from them shall include those bodies, procedures, protocols, conventions, standards, treaties, rules, or regulations as they may be renamed, reorganised, replaced, amended, or superseded from time to time;
- 57.2.12 the words “hereby,” “herein,” “hereof,” “hereunder” and words of similar import refer to these Articles as a whole (including any Schedules and Exhibits hereto) and not merely to the specific article, article or paragraph in which such word appears; and
- 57.2.13 the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.
- 57.2.14 In all Articles of these Articles or any document in connect herewith, where the consent of the Investors is required including but not limited to the terms such as ‘approval of the Investors’, ‘Investors Consent’, ‘to the satisfaction of the Investors’, ‘satisfactory to the Investors’, ‘acceptable to the Investors’, such consent, satisfaction and approval shall communicate collectively in respect of each Investor Group
- 57.2.15 Any written communication (including but not limited to the information required to be provided under Article 60 of these Articles) from the Company and/or the Promoters to the Investors shall be made to one representative of an Investor Group (specifically designated by such Investor Group) and notice to such Investor Group representative shall be deemed to be a notice to all members of such Investor Group.

57.3. No provisions of these Articles shall be interpreted in favour of, or against, any Party by reason of the extent to which such Party or its counsel participated in the drafting hereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof.

57.4. Other than as expressly stated otherwise, CDC shall act jointly and not severally in the exercise of their rights as contained in these Articles, however they shall be severally liable in respect of their obligations as contained in these Articles.

## 58. INVESTOR DIRECTORS AND PROMOTER DIRECTORS AND OBSERVER

58.1. In accordance with Article 59.1, the Board shall comprise of 9 (Nine) directors, of which the Investors shall be entitled to appoint and maintain in office 2 (Two) directors (and to remove from office any director so appointed and to appoint another in the place of the director so removed), (such director referred to as the “**Investor Director(s)**”). No Person, other than the Investors, shall have the power or right to remove and replace the respective Investor Directors, unless such Investor Director is disqualified to act as director in accordance with the Act. To the extent permissible by Law, the appointment of the Investor Directors shall be by direct nomination by the Investors and any appointment or removal under this Article shall, unless the contrary intention appears, take effect from the date it is notified to the Company in writing. If Law does not permit the Person nominated by the Investors to be appointed as a director or alternate director of the Company merely by nomination by the Investors, the Company and the Promoters shall ensure that the Board forthwith (and in any event within 7 (Seven) Business Days of such nomination or at the next Board meeting, whichever is earlier) appoints such Person as a director or alternate director, as the case may be, of the Company and further that, unless the concerned Investor changes or withdraws the nomination, such Person is also elected as a director or alternate director, as the case may be, of the Company at the next general meeting of the shareholders of the Company. The Promoters and the Other Shareholder shall, as shareholders of the Company, promptly vote in favour of the Investor Director and alternate director nominees nominated pursuant to the preceding sentence.

58.2. Subject to Article 58.3 below, the Promoters (together with the Other Shareholder) shall be entitled to appoint and maintain in office at least 4 (Four) directors (and to remove from office any director so appointed and to appoint another in the place of the director so removed), (such director referred to as the “**Promoter Director(s)**”). It is hereby clarified and agreed that Promoter No.1 shall have the right, for and on behalf of the Promoters and the Other Shareholder, to nominate and remove the Promoter Directors to the Board. No Person, other than the Promoters, shall have the power or right to remove and replace such Promoter Directors, unless such Promoter Director is disqualified to act as director in accordance with the Act. To the extent permissible by Law, the appointment of the Promoter Directors shall be, by direct nomination by the Promoters and any appointment or removal under this Article shall, unless the contrary intention appears, take effect from the date it is notified to the Company in writing. If Law does not permit the Person nominated by the Promoters to be appointed as a director or alternate director of the Company merely by nomination by the Promoters, the Company and the Investor shall ensure that the Board forthwith (and in any event within 7 (Seven) Business Days of such nomination or at the next Board meeting, whichever is earlier) appoints such Person as a director or alternate director, as the case may be, of the Company and further that, unless the Promoters change or withdraw the nomination, such Person is also elected as a director or alternate director, as the case may be, of the Company at the next general meeting of the shareholders of the Company. The Investors shall, as shareholders of the Company, promptly vote in favour of the director and alternate director nominees nominated pursuant to the preceding sentence.

58.3. Notwithstanding Article 58.2 above, if the Promoters and Other Shareholder cease to collectively hold an aggregate of at least 50.1% of the share capital of the Company, on a Fully Diluted Basis (assuming that the Series A CCPS have been converted into 1,146,771 (One Million One Hundred and Forty Six Thousand Seven Hundred and Seventy One) Equity Shares and the Series B CCPS have been converted into 1,133,309 (One Million One Hundred and Thirty Three Thousand Three Hundred and Nine) Equity Shares) in accordance with their characteristics), then the Promoters shall be entitled to appoint the directors on the Board as follows:

- (i) So long as the Promoters and the Other Shareholder collectively hold 5% or more of the share capital of the Company on a Fully Diluted Basis (assuming that the Series A CCPS have been converted into 1,146,771 (One Million One Hundred and Forty Six Thousand Seven Hundred and Seventy One) Equity Shares and the Series B CCPS have been converted into 1,133,309 (One Million One Hundred and Thirty Three Thousand Three Hundred and Nine) Equity Shares in accordance with their characteristics), the Promoters shall be entitled to appoint such number of directors on the Board, as is proportionate to the shareholding in the Company, with a minimum of 1 (one) director;
- (ii) if the Promoters and the Other Shareholder collectively cease to hold less than 5% of the share capital of the Company on a Fully Diluted Basis (assuming that the Series A CCPS have been converted into 1,146,771 (One Million One Hundred and Forty Six Thousand Seven Hundred and Seventy One) Equity Shares and the Series B CCPS have been converted into 1,133,309 (One Million One Hundred and Thirty Three Thousand Three Hundred and Nine) Equity Shares in accordance with their characteristics) the Promoters shall cease to appoint any directors on the Board.

58.4. The Investors shall also be collectively entitled to appoint (and to remove from office any observer so appointed and to appoint another in the place of the observer so removed) 1 (One) observer on the Board (“**Observer**”), who shall be entitled to speak at the Board meetings but shall not have the right to vote at any proceeding.

58.5. No director shall be required to hold any Equity Shares in order to qualify as director of the Company. The appointment of the Director shall be subject to standard KYC checks required under the applicable Law in respect of the Company and as may be necessary for internal compliance requirements of CDC. Further, no person who has been found to have been convicted of any offence involving moral turpitude shall be eligible to be appointed as a director of the Company, and Parties shall ensure that any such person is forthwith removed from the Board.

58.6. One of the Investor Directors and one of the Promoter Directors shall be entitled to be a member of, or at the option of the Investors and the Promoters as applicable, an invitee on the following committees of the Board. The Board shall form the following committees:

- (i) Remuneration committee with the functions provided in Article 67.19;

- (ii) Audit committee with the functions provided in Article 67.27; and
- (iii) Capex committee with the functions provided in Article 67.29.

58.7. Each director shall be entitled to appoint alternate directors and the Board shall appoint such persons as alternate directors to such director.

58.8. Subject to the relevant provisions of the Act, the Company shall pay the directors all reasonable out of pocket expenses (including international air fares for economy class) incurred in order to attend shareholder, board, committee and other meetings of the Company or otherwise perform their duties and functions as directors or members of any committee of the Company. The Investor Directors shall be entitled to all the rights and privileges of other directors including the sitting fees and expenses as payable to other directors.

58.9. It is clarified that the provisions of this Article 58 shall apply to the Subsidiaries in the same manner as it applies to the Company.

58.10. The Company shall maintain the director's liability insurance, for every director on the Board, as obtained by the Company for an amount aggregating to such amount as mutually agreed to between the Parties in the Investment Agreement and on terms satisfactory to the Investor.

58.11. The Company shall indemnify, defend and hold harmless the Investor Directors (an "**Indemnitee**") who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is or was a director of the Company, or is or was a director of the Company serving as the representative of the Company as a director of another company, partnership, joint venture, trust, employee benefit plan or other entity or enterprise, to the fullest extent permitted by Law against all expenses, costs and obligations (including, without limitation, attorneys' fees, experts' fees, court costs, retainers, transcript fees, duplicating, printing and binding costs, as well as telecommunications, postage and courier charges) (the "**Expenses**"), damages, judgments, fines, penalties, excise taxes and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such settlement) actually and reasonably incurred by him or her in connection with such action, suit or proceeding (the "**Indemnifiable Amounts**") provided he or she acted in good faith and in the best interests of the Company in accordance with his or her fiduciary duty to the Company.

- a) If so requested by Indemnitee, the Company may advance any and all Expenses incurred by Indemnitee, either by (i) paying such Expenses on behalf of Indemnitee, or (ii) reimbursing Indemnitee for such Expenses.
- b) If Indemnitee is entitled under this Article 58 to indemnification by the Company for some or a portion of the Expenses or other Indemnifiable Amounts in respect of a claim but not, however, for the total amount thereof, the Company shall indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.
- c) For purposes of these Articles, the termination of any claim, action, suit or proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable Law.
- d) The rights of the Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under these Articles or otherwise. To the extent that a change in applicable Law permits greater indemnification by agreement than would be afforded currently under these Articles, it is the intent of the Parties hereto that Indemnitee shall enjoy by these Articles the greater benefits so afforded by such change.
- e) Indemnitees are expressly meant to be beneficiaries of this Article 58.11 but the provisions of this Article 58.11 may be enforced in favor and on behalf of the Indemnitees by the Investors. It is clarified without prejudice to the aforesaid that the Indemnitees shall be the beneficiaries of this Article and not the Investors.

58.12. It is clarified that rights of the Indemnitee to claim Indemnifiable Amounts under this Article 58 shall not be limited by the award of any compensation under the Directors and Liability Insurance policy being maintained by the Company.

## 59. CORPORATE GOVERNANCE

- 59.1. The Board shall comprise of 9 (Nine) directors: 4 (Four) Promoter Directors, 2 (Two) directors by the Investors and 3 (Three) independent directors. The independent directors shall be appointed or removed in each case by mutual agreement between the Investors and the Promoters. Only Promoter No.1 shall have the right, for and on behalf of the Promoters and the Other Shareholder, to nominate and remove the Promoter Directors to the Board.
- 59.2. Every meeting of the Board shall be presided over by the chairperson, who shall be Promoter No. 1, and in his absence or unavailability, any other Director shall be appointed by mutual consent of the Investor Directors and the Promoter Directors.
- 59.3. The Board shall meet at least once every quarter and at least 4 (Four) times a year. For each year, the Company shall provide each of the Directors with a tentative schedule of the proposed board meetings to be held in such year in advance at the beginning of the concerned year. At least 7 (Seven) Business Days' notice of each Board (or committee of the Board) meeting shall be given to the Observer and each director prior to such meeting or such shorter period as the directors on the Board, including the Investor Directors, may agree. Notwithstanding the foregoing, notice of a meeting need not be given to any director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends (by whatever permitted means) the meeting without protesting, prior to its commencement, the lack of notice to such director. The agenda for each Board (or committee of the Board) meeting, including an adjourned meeting, and all papers connected therewith and/or proposed to be placed or tabled before the Board (or committee of the Board) shall be circulated at least 7 (seven) Business Days prior to such meeting, together with the notice and, no items save and except those specified in the agenda may be discussed at any Board (or committee of the Board) meeting, except with the prior written consent of one Investor Director and one Promoter Director. Meetings of the Board may be held at any place which has been designated in the notice of the meeting or at such place as may be approved by the Board.
- 59.4. The quorum for a meeting of the Board (or committee of the Board) shall include 1 (One) Investor Director (unless otherwise agreed with the Investor's Consent) and 1 (One) Promoter Director. The Promoter Director shall not be required to form a quorum subsequent to coming into effect the consequences of Article 73 and only so long as such consequences continue to be in effect. If the quorum as specified in this Article 59.4 is not present within 30 (Thirty) minutes from the time specified for the meeting of Board, the meeting shall be adjourned and reconvened at the same day, time and place in the following week, and in the event that such other day is not a Business Day, till the immediately following Business Day, at the same time and place ("**Adjourned Meeting**"). If at such Adjourned Meeting of the Board the quorum is not present, the Directors present shall constitute a valid quorum.
- 59.5. The composition of the Audit, Remuneration and Capex Committees of the Board shall be as set out in Articles 67.19 to 67.29 and the relevant terms of reference in the Agreed Form.
- 59.6. Members of the Board or any committee thereof shall be afforded the opportunity to, and may participate in a meeting of the Board or such committee by means of conference telephone, video-conference or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall, unless prohibited by applicable Law, constitute presence in person at such meeting.
- 59.7. The quorum at any annual or extraordinary meeting of shareholders of the Company (the "**Shareholders Meeting**") shall include at least one representative of either Investor (unless otherwise agreed with the Investor's Consent) and at least one Promoter, present throughout the meeting. The Promoters shall not be required to form a quorum subsequent to coming into effect the consequences of Article 73 and only so long as such consequences continue to be in effect. At least 21 (Twenty One) Business Days' notice (or such shorter period as any one Investor and one Promoter may agree) of each Shareholders Meeting shall be given to each member of the Company setting out the agenda of such meeting and together with all the papers connected therewith and/or proposed to be placed or tabled before the members in such meeting. If the quorum as specified in this Article 59.7 is not present within 30 (Thirty) minutes from the time specified for the Shareholders Meeting, the meeting shall be adjourned and reconvened at the same day, time and place in the following week, and in the event that such other day is not a Business Day, till the immediately following Business Day, at the same time and place. If at such adjourned Shareholders Meeting the quorum is not present, the shareholders present shall constitute a valid quorum.

59.8. The Annual General Meeting of the Company will be held within 6 (Six) months of the relevant Financial Year end. The agenda at the Annual General Meetings will include:

(a) Presentation on the financial, corporate governance and ESG performance of the Company including a report by the chairman of the relevant committees;

(b) Requirements under the Act and as per applicable Law;

(c) Principal risks facing the Company and how they are managed.

The agenda shall further include such matters as required by the Investors to be discussed at the meeting. Adequate opportunity shall be provided to all shareholders (including the representatives of the Investor) to discuss any matters on the agenda or seek any clarifications in respect of the same from the Company in such meeting.

59.9. Notwithstanding anything contained in this Article 59, no Reserved Matter may be resolved upon in any Board meeting (including an Adjourned Meeting) or Shareholders Meeting (including an adjourned Shareholders Meeting) unless the Investor's Consent has been obtained for the same through the process laid down under Article 61.1 (*Reserved Matters*).

## **60. INFORMATION RIGHTS**

60.1. The Company shall, and shall cause each Subsidiary to, maintain true books and records of account in which full and correct entries shall be made of all its business transactions pursuant to a system of accounting established and administered in accordance with GAAP, and shall set aside on its books all such proper accruals and reserves as shall be required under GAAP. The Company shall provide to the Investors and to any director of the Company, the following information with respect to the Company and Subsidiaries:

(a) within 14 (Fourteen) days after the end of each month: (i) the un-audited statements of income and cash flows of the Company for such month and for the period from the beginning of the current Financial Year to the end of such month. Such statements may be prepared without providing for usual Financial Year-end adjustments; and (ii) monthly management information systems in Agreed Form, detailing key operational performance indicators. Provided that after the expiry of 12 (twelve) months of Completion Date, the Company shall take best efforts to provide the information in sub- Article (i) and (ii) above, within 7 days of the end of each month;

(b) within 30 (Thirty) days after the end of each quarter: (i) the un-audited consolidated and standalone statements of income and cash flows of the Company and the Subsidiaries for such quarter and for the period from the beginning of the current Financial Year to the end of such quarter, and a balance sheet as of the end of such quarter (ii) a report from the chief executive officer with the variances to the Annual Budget; (iii) information on use of funds invested by the Investor in the Company through the Initial Agreement and the Amendment Agreement; (iv) quarterly management information systems reports for each of the Group Companies in accordance with the management information system approved by the Investors;

(c) within 90 (Ninety) days after the end of each Financial Year: (i) audited consolidated statements of income, cash flows and shareholders' equity of the Company and the Subsidiaries for such Financial Year and a balance sheet as of the end of such Financial Year; (ii) an environmental, social and governance monitoring report in the format mutually agreed in writing by the Parties,, inter alia setting out in detail the progress Company has made towards fulfilling the ESG Action Plan and implementing the ESG Management System; and (iii) an analysis of the principal risks that the directors believe the Group Companies face and the steps taken to mitigate those risks;

(d) report to the Board at every Board Meeting and to the Investors at the end of each Financial Year, a review of: (i) the bribery and financial crime risks faced by the Group Companies; (ii) the systems, policies and procedures for managing such risks; and (iii) the implementation and effectiveness of those policies and procedures;

(e) not less than 30 (thirty) days prior to the end of each Financial Year, an Annual Budget (as defined below) for the next Financial Year including operating and capital budgets and such other



reasonable information requested by the Investors;

- (f) minutes of meetings of the Board, its committees and the shareholders of the Company within 15 (Fifteen) calendar days of the occurrence of such meetings;
- (g) promptly, such additional information and explanation of any event or development at the Company which has a significant impact on the business, operations, profits, conditions (financial or otherwise), prospects, results of operations, properties, assets or liabilities of the Company;
- (h) other relevant material information including management letters from internal or statutory auditors to any Group Company, annual business plans, capital expenditure budgets and management reporting information not set forth above;
- (i) details of suit, proceeding, summons, subpoena, of any nature, civil, criminal or regulatory in law, pending, by or before any court, tribunal or arbitrator which may materially affect the working of the Company;
- (j) such other additional information as may be reasonably required by the Investor from time to time.

60.2. The Company shall inform the Investor in writing immediately upon becoming aware of:

- (a) any ESG Claim being commenced or threatened against any Group Company or any facts or circumstances which will or are reasonably likely to result in such an ESG Claim being commenced;
- (b) any Corrupt Act committed by any Group Company; and
- (c) any enquires from government enforcement authorities concerning any act that may constitute a Corrupt Act by any Group Company or persons acting on a Group Company's behalf.

If the Investor notifies the Company that it believes there may have been a breach of the ESG Requirements, it shall cooperate in good faith with such Investor in determining whether such a violation has occurred and shall respond promptly and in reasonable detail to any notice from the Investor and shall furnish documentary support for such response upon an Investor's request.

60.3. The Company shall notify the Investors as soon as practicable, but in any event within 3 (Three) days of the occurrence of any of the following events and shall supply to the Investors a report in the form mutually agreed to in writing between the Parties within 10 (ten) Business Days of the event:

- (a) details of any incident of an environmental nature (including without limitation any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination) in respect of operations of any Group Company; or
- (b) details of any incident of a social nature (including without limitation any violent labour unrest or dispute with local communities), occurring on or nearby any site, plant, equipment or facility of any Group Company which has or is reasonably likely to have a Material Adverse Effect or any incident involving any Group Company which has a material negative impact on the Environment, the health, safety and security situation, or the social and cultural context, together with, in each case, a specification of the nature of the incident and the on-site and off-site effects of such events; and
- (c) any allegations or if the Company is otherwise aware of any incidents of medical negligence or medical malpractice involving death or significant injury in respect of the Company and/or its Subsidiaries or any doctor while he was working for the Company and/or its Subsidiaries; and in each instance referred to in sub-articles (a), (b) and (c) above, and shall as, soon as reasonably practicable and in any case within 10 (ten) Business Days, details of any action the concerned Group Company proposes to take in order to remedy the effect of such events, and shall keep the Investors informed about any progress in respect of such remedial action.

60.4. The Company will inform the Investor of any proposed change to the bankers of any Group Company.

60.5. The Company will promptly send the Investor any internal audit report prepared for the Company.

60.6. The Company shall ensure that the work plan of any internal audit firm (or internal audit function within the

Group Companies) includes a review of:

- (a) the bribery and financial crime risks faced by the Group Companies
- (d) the systems, policies and procedures for managing such risks, and
- (e) the implementation and effectiveness of those policies and procedures.

60.7. The Company shall give full access to the Investor and its authorized Representatives to visit and inspect all properties, assets, corporate, financial and other records, reports, books, contracts and commitments of the Company, and to discuss and consult on its business, ESG Action Plans, compliance with ESG Requirements, budgets and finances with the directors and executive officers of the Company, upon reasonable notice.

60.8. The Investors shall collectively be entitled to have the Company inspected by external agencies once every year with respect to compliance with ESG Requirements and take copies and extracts from the books, accounts and records of the Company. All costs incurred in connection with such inspection shall be borne by the Company. Provided further that the Investors shall collectively be entitled to have Company inspected by external agencies more than once every year, at their own cost and expense. It is however clarified that in the event it is found that the Company is not in material compliance of the ESG Requirements pursuant to such inspection, all costs of such inspection shall be borne by the Company. Subject to provision of reasonable notice and subject to the Investors confirming that the purpose of inspection is to determine whether a material breach of these Articles, the Investment Agreement or an Event of Default has taken place, the Investors shall be jointly entitled to appoint an auditor or any other consultant to audit the accounts of or access the premises, records and books of any Subsidiaries at the cost of the Investors. It is however clarified that in the event it is found that the Company is in material breach of these Articles, the Investment Agreement and/or an Event of Default has taken place, all costs of such inspection shall be borne by the Company.

## **61. RESERVED MATTERS**

61.1. Subject to Article 74.1, no action or decision relating to any of the matters specified in Article 77 (Reserved Matters) shall be taken (whether by the Board, any director, any committee, the shareholders of the Company or any of the employees, officers or managers of the Company) unless the Investor's Consent is obtained for such action or decision, in the following manner:

61.1.1. Notice of the matter shall be given by the Company to the Investors along with any supporting documents and analysis, if available.

61.1.2. Investors acting collectively may approve or reject any of the Reserved Matters by providing Investor's Consent directly to the Company within 21 (Twenty One) days from the receipt of the notice from the Company. If the Investors do not respond on the matter within 21 (Twenty One) days or in the event the Company receives an affirmative vote in respect of the Reserved Matter from any Investor, the matter will be deemed to have been approved.

61.1.3. In the event the Reserved Matter is a part of the agenda for a Board meeting or a Shareholders Meeting as the case may be, so long as the Investors have already approved (or deemed to be approved) any Reserved Matter in accordance with (ii) above, the Investors shall not be required to revert in respect of such Reserved Matter at any meeting convened in accordance with these Articles and such matter shall thereafter not be subject to the consent of the Investors or Investor Director at such meeting and the Company and the Promoters shall be entitled to proceed on such Reserved Matter notwithstanding any vote being cast by the Investor Directors or the Investors in respect of the same at such meeting.

61.1.4. In the case of matters that require urgent intervention, the Investors will make best efforts to revert earlier than the specified 21 (Twenty One) days.

61.2. The decision (or deemed decision) of the Investors under Article 61.1 shall be final and neither the Promoters nor the Company may initiate the procedure under Article 76 in respect of such a decision.

## **62. EXERCISE OF RIGHTS**

62.1. Without prejudice to the other provisions of these Articles, each Party and each shareholder of the Company agrees to exercise all powers and rights available to them (including their voting rights and their rights as and in respect of directors) in support of the provisions of these Articles and so as to procure and ensure that the provisions of these Articles are complied with in all respects by the respective Party or respective shareholder, as the case may be. In this regard, each shareholder of the Company (other than Investors) shall vote or cause to be voted all Equity Shares bearing voting rights beneficially owned by such shareholder at any Shareholders Meeting or in any written consent executed in lieu of such a meeting of shareholders (the “**Written Consent**”) upon any matter submitted for action by the Company’s shareholders or with respect to which such shareholder may vote or act by Written Consent, in conformity with the specific terms and provisions of these Articles. To the extent necessary to secure compliance by the Company and the Promoters with these Articles, all the other shareholders of the Company (other than the Investors, the Promoters and the Other Shareholder) shall exercise their voting rights in respect of the Company in the same manner as the Promoters at all times and from time to time.

62.2. Except where these Articles states to the contrary, the Promoters and the Company shall, so long as the Promoters are in Control of the Company, be jointly and severally liable to ensure the performance of these Articles. The Promoters shall be jointly and severally liable in respect of their obligations under these Articles.

### **63. TRANSFER OF EQUITY SECURITIES BY PROMOTERS**

63.1. Subject to Article 63.2 and Article 74.1 (Termination), the Promoters shall not Transfer or Encumber any part of their shareholding in the Company except with the Investor’s Consent Without prejudice to the provisions of this Article 63, no shareholder (other than the Promoters and the Investors but including the Other Shareholder) of the Company shall be permitted to Transfer the Equity Securities held by such shareholder in the Company, other than in accordance with the provisions of this Article 63 and except as otherwise herein provided these Articles. Provided however that the Promoters and the Other Shareholder shall not be liable for any Transfer by other shareholders in violation of this Article 63.1. It is clarified that the Other Shareholder shall not Transfer or Encumber all or any part of the shares held by the Other Shareholder in the Company, except in the manner as provided in Article 63.2 and Article 63.3 below.

63.2. The restriction imposed under Article 63.1 above and Article 63.4 below shall not apply to (i) any inter-se sale of Equity Shares from other shareholders of the Company to Promoter No. 1, provided that Promoter No. 2 shall not be entitled to Transfer more than 2% (two per cent) (either in one transaction or series of transactions) of the Equity Shares held by him under this Article 63.2(i) and (ii) any transfer of upto 5% (Five percent) (aggregated with all Equity Shares previously Transferred commencing from August 13, 2013) of the shareholding on a Fully Diluted Basis (assuming that the Series A CCPS have been converted into 1,146,771 (One Million One Hundred and Forty Six Thousand Seven Hundred and Seventy One) Equity Shares and the Series B CCPS have been converted into 1,133,309 (One Million One Hundred and Thirty Three Thousand Three Hundred and Nine) Equity Shares in accordance with their characteristics) of the Company by Promoter No. 1 to other shareholders of the Company (other than the Investors); and (iii) any Transfer by the Other Shareholder to the Promoter No. 1 and (iv) any Transfer by the Other Shareholder and/or the Promoter No. 1 to their children so long as their children do not hold in excess of 7.5% of the share capital of the Company in aggregate on a Fully Diluted Basis (assuming that the Series A CCPS have been converted into 1,146,771 (One Million One Hundred and Forty Six Thousand Seven Hundred and Seventy One) Equity Shares and the Series B CCPS have been converted into 1,133,309 (One Million One Hundred and Thirty Three Thousand Three Hundred and Nine) Equity Shares in accordance with their characteristics). Upon the children of the Promoter No. 1 becoming shareholders, they shall execute the Deed of Adherence to the Investment Agreement in the format mutually agreed in writing between the Parties. It is clarified that the children shall become Parties in accordance with the foregoing in the capacity of the Other Shareholder.

63.3. Each Promoter, with the prior consent of the Investors, may Transfer his shares to a family trust, and the Other Shareholder may with the prior consent of the Investors, Transfer her shares to a family trust formed by the Promoter No. 1, provided: (i) no Person other than such Promoter, his spouse and children, shall be the trustee and beneficiary of such trust; and (ii) all relevant parties having any interest in such trust in any capacity shall have entered into a deed of adherence in the form acceptable to the Investors.

#### **63.4. Right of First Offer and Tag Along Right**

### Right of first offer

In the event the Investors have consented to any Transfer by the Promoters pursuant to Article 63.1 above, which does not fall within the exception provided in Article 63.2 above, the Promoters shall follow the procedure laid down hereunder:

- (a) Any Promoter proposing to Transfer any Equity Shares (the “**Transferring Promoter**”) shall send a written notice to the Investors (and only in case the Transferring Promoter is Promoter No. 2, to the Investors and Promoter No. 1) before offering the shares to any third party (the “**Transfer Notice**”). The Transfer Notice shall set out the number of Equity Shares proposed to be Transferred (the “**ROFO Transfer Shares**”) and any terms and condition for such Transfer.
- (b) Upon receipt of the Transfer Notice, the Investors (and only in case the Transferring Promoter is Promoter No. 2, the Investors and Promoter No. 1) may within 28 (Twenty Eight) days (the “**ROFO Notice Period**”):
  - (i) send a written notice to the Transferring Promoter (“**ROFO Transfer Notice**”) offering (by itself or through any Affiliates to purchase all (and not less than all) the ROFO Transfer Shares and specifying the price per ROFO Transfer Share (“**ROFO Transfer Price**”) for such a purchase which price shall be subject to the acceptance of the Transferring Promoter; or
  - (ii) send a written notice to the Transferring Promoter declining the offer set out in the Transfer Notice.

If any or both of the Investors (and only in case the Transferring Promoter is Promoter No. 2, any or both of the Investors or Promoter No. 1) do not send either of the above written notices to the Transferring Promoter within the ROFO Notice Period, then such Investor(s) or Promoter No. 1, as the case may be, shall be deemed to have declined the Transfer Notice.

- (c) The offer in the ROFO Transfer Notice shall be valid for 21 (Twenty One) days from the date of the receipt of such ROFO Transfer Notice (“**ROFO Transfer Period**”). The Transferring Promoter shall be entitled to accept or decline the terms offered in the ROFO Transfer Notice at any time within 21 (Twenty One) days of the ROFO Transfer Notice.
- (d) If the ROFO Transfer Notice is accepted by the Transferring Promoter within 21 (Twenty One) days from the date of the receipt of the ROFO Transfer Notice by the Transferring Promoter, then the Investor(s) or Promoter No.1, as the case may be, exercising the ROFO shall purchase the ROFO Transfer Shares as set out in the ROFO Transfer Notice within 28 (Twenty Eight) days from the date of communication of such acceptance by the Transferring Promoter (the “**ROFO Transfer Date**”) at the ROFO Transfer Price.
- (e) It is clarified that Investors (and only in case the Transferring Promoter is Promoter No. 2, the Investors and Promoter No. 1) shall be entitled to purchase the ROFO Transfer Shares in proportion to their shareholding in the Company as on the ROFO Transfer Date. Where one of the Investors does not (and in case the Transferring Promoter is Promoter No. 2, one of the Investors and Promoter No. 1 do not) wish to purchase their respective proportions of the ROFO Transfer Shares, the other Investor shall have the right to purchase the remaining ROFO Transfer Shares. Only in case the Transferring Promoter is Promoter No. 2, where both the Investors do not wish to purchase their respective proportions of the ROFO Transfer Shares, Promoter No. 1 shall have the right to purchase the remaining ROFO Transfer Shares.
- (f) If the ROFO Transfer Notice is not accepted by the Transferring Promoter prior to the expiry of the ROFO Transfer Period, then such Transferring Promoter shall be entitled to sell up to all the ROFO Transfer Shares to any other third party(ies) on terms not less favourable than those specified in the ROFO Transfer Notice (if such notice is provided) and complete such transfer within a period of 120 (One Hundred and Twenty) Days from the expiry of the ROFO Transfer Period. After the expiry of the aforesaid 120 (One Hundred and Twenty) days, the provisions of Article 63.4 (*Right of First Offer and Tag Along Right*) shall again apply. For the purposes of this Article, if the third party(ies) are resident in India, the terms shall be deemed to be less favourable than the terms offered by the Investors if the terms offered by the third party cannot be offered by the Investors under any applicable Law.

### Tag along

- (g) If the Promoters propose to transfer any of the ROFO Transfer Shares to a third party (“**Tag Transferee**”) pursuant to (f) above, and such ROFO Transfer Shares (aggregated with all Equity Shares previously Transferred by the Promoters (other than the permitted transfers in accordance with Article 63.2 above) constitute not less than 1% (One per cent) of the shareholding of the Company on a Fully Diluted Basis (assuming that the Series A CCPS have been converted into 1,146,771 (One Million One Hundred and Forty Six Thousand Seven Hundred and Seventy One) Equity Shares and the Series B CCPS have been converted into 1,133,309 (One Million One Hundred and Thirty Three Thousand Three Hundred and Nine) Equity Shares in accordance with their characteristics), then the Promoters shall provide a notice to the Investors (“**Tag Notice**”). It is clarified that the provisions of Articles (h) to (l) below shall apply to all subsequent Transfers by the Promoters after the aforesaid 1% limit has been reached.
- (h) The Investors shall deliver to the Promoters, within 21 (Twenty One) Business Days following the receipt of the Tag Notice (“**Tag Period**”), a written notice of such election (a “**Tag Acceptance Notice**”) and the number of Equity Securities (which shall extend to up to all the Investor Shares) that the Investors proposes to Transfer to such Tag Transferee (“**Tag-Along Securities**”).
- (i) If any Investor has delivered a Tag Acceptance Notice, then the Promoters shall ensure that the Tag-Along Securities are sold in priority to the ROFO Transfer Shares, for the same consideration per Equity Shares or its equivalent cash consideration, at the option of such Investor, and upon the same terms and conditions as are to be paid and/or given to the Promoters. It is hereby clarified that consideration payable to any Investor pursuant to this Article 63.4(i) shall also include the cash equivalent of the pro-rata portion of any non-cash consideration received by the Promoters, by reason of its non-compete obligation or otherwise. The Promoters shall ensure that Transfer of Equity Shares is completed within 120 (One Hundred and Twenty) days of the expiry of the ROFO Transfer Period by the Promoters.
- (j) In the event the Tag Transferee intimates that he/it does not wish to buy the ROFO Shares together with the Tag-Along Securities, the Promoters shall not proceed with the sale of the ROFO Shares to the Tag Transferee, unless the Investor at its sole option is willing to reduce the number of Tag-Along Securities to such number as is agreeable to be purchased by the Tag Transferee together with the ROFO Shares.
- (k) The Investors shall not be obliged to provide any representations, warranties and indemnities in relation to Transfer of the Tag-Along Securities other than customary representations and warranties on title to the Tag-Along Securities, due authority, solvency, due execution, conflicts, due incorporation and authorisations.
- (l) If the Tag Acceptance Notice has not been received or declined within the Tag Period, then the Promoters shall be free to Transfer the ROFO Transfer Shares to the Tag Transferee within 120 (One Hundred and Twenty) days of the expiry of the ROFO Transfer Period on terms that are the same or no more favourable than those set out under the Tag Notice.
- (m) If the sale of the ROFO Transfer Shares and/or the Tag-Along Securities to a Tag Transferee is not completed within the period set out under Articles 63.4(i) and 63.4(l) above, then the provisions of Article 63.4 (*Right of First Offer and Tag Along Right*) shall again apply de novo to any sale of Equity Shares by the Promoters.

### 64. TRANSFER BY INVESTOR

- 64.1. The Parties agree that the Second Tranche Shares shall be subject to a lock-in period of 1 (one) year from February 4, 2016, during which period, CDC India shall not be entitled to Transfer the Second Tranche Shares. Thereafter, CDC India shall be entitled at any time, to Transfer any of its Investor Shares in accordance with the terms of these Articles.
- 64.2. Each Investor may, at any time, Transfer all or any of the Investor Shares held by them to any of their Affiliates without any restrictions. The concerned Investor shall before undertaking such Transfer, provide

the Company and the Promoters and the Other Shareholder with a written notice of at least 14 (Fourteen) Business Days. Simultaneously with such Transfer, the relevant Affiliates shall execute the Deed of Adherence as set out in the form at Schedule 2 of the Restated Agreement.

64.3. Until January 1, 2021, each of the Investors shall also have a right to Transfer all or part of the Investor Shares, along with the rights granted under these Articles to Financial Investors (subject to Article 64.3 where applicable), subject to i) execution of a Deed of Adherence in the form set out in Schedule 2 of the Restated Agreement by the Financial Investor and ii) compliance with the process of the right of first offer available to the Promoters in the manner set forth in Article 64.4 hereunder.

64.4. It is clarified that upon Transfer of Investor Shares by the Investors to any Person in accordance with the terms hereof, such transferees shall be entitled to all rights as available to the Investors in respect of the Investor Shares pro-rata to the shareholding held in the Company, including entitlement to subscribe to further shares, receive dividends, bonus shares etc. It is clarified that benefits of any rights under these Articles that accrue to any Investor (or its transferees) on the basis of Investor Shares held in the Company, shall be available to such persons on a several basis, including without limitation those provided under Articles 68 (*Exit Provisions*), 69 (*Initial Public Offering*) and 70 (*Buyback*) of these Articles, provided that Article 71.2 to 71.7 (*Drag Right*) shall be exercised jointly by the Investors and its transferees as one block. Provided however that notwithstanding anything to the contrary contained in these Articles, governance rights under Articles 59.1 (*Nominee Director*), 60 (*Information Rights*), 77 (*Reserved Matters subject to the process set forth in Article 61.1*) shall be exercised jointly by the concerned Investor and its transferees as one block. Provided further that the obligations of the Investors as set out in these Articles shall be fulfilled by the Investors and their transferees severally. Provided further no transferee of any Investor (other than the transferees in the Investor Group) shall be entitled to enforce the provisions of Articles 73.5 to 73.8 (*ESG Breach*), 72 (*Liquidation Preference*) against the Company and/or the Promoters.

64.5. The Promoters shall have a right of first offer on the Investor Shares being transferred by the Investors to Financial Investors pursuant to Article 64.2 above. The process described in Articles 63.4(a) to 63.4(e) shall apply to such right of first offer, where references to Promoters shall read as Investors and vice versa. Any expenses incurred by the Investors in Transferring all or part of the Investor Shares pursuant to this Article 64, including the fees to advisors, diligence expenses and transaction expenses, shall be completely borne by those Investors if the Transfer occurs before: (i) in respect of the First Tranche Shares (or any Equity Shares resulting from the conversion of the Series A CCPS), the expiry of 3 (Three) years from August 13, 2013, i.e. August 13, 2016; and (ii) in respect of the Second Tranche Shares and the Third Tranche Shares, the expiry of 3 (Three) years from February 4, 2016, i.e. February 4, 2019 (except in case the Transfer of the Second Tranche Shares and the Third Tranche Shares also happens at the same time as the Transfer of the First Tranche Shares (or any Equity Shares resulting from the conversion of the Series A CCPS), and prior to August 13, 2016, in which case all expenses shall be borne by the Company). Subsequent to the aforesaid respective 3 (three) year periods, all such expenses shall be borne by the Company unless the Parties hereto agree otherwise. Provided however that in the event the concerned sale by the Investors is conducted on a stand-alone secondary basis, the fees to the investment bankers shall be borne by the Investors.

64.6. Provided that, after January 1, 2021, the Investors shall have the right (but not an obligation) to Transfer all or part of the Investor Shares to any Person (other than a Competitor) free from any restrictions including those specified under Article 64.3 and Article 64.5 except those restrictions specific in Article 64.4 above. After January 1, 2022, each of the Investors shall have the right (but not an obligation) to Transfer all or part of the Investor Shares held by them, to any Person including a Competitor free from all restrictions including those specified under Article 64.3 and Article 64.5 except those restrictions specific in Article 64.4 above.

## **65. OTHER PROVISIONS ON TRANSFERS**

65.1. Where any Transfer by a shareholder require prior legal, governmental, regulatory or shareholder consent for an acquisition or disposal of any Equity Securities pursuant to these Articles then notwithstanding any other provision of these Articles the concerned shareholder shall only be obliged to acquire or dispose of its Equity Securities once such consent or approval is obtained, and the Parties shall use their reasonable endeavors to obtain any such required approvals. Any period within which a Transfer of such Equity Securities by or to the concerned shareholder has to be completed shall be extended by such further period as is necessary for the purpose of obtaining the above approvals. Provided that if any of the abovementioned approvals are finally withheld, then the concerned shareholder shall be deemed not to have offered to purchase or sell the concerned Equity Securities.

65.2. Any Transfer or attempted Transfer of any securities of the Company in violation of these Articles shall be void, no such Transfer shall be recorded on the Company's books and the purported transferee in any such Transfer shall not be treated (and the purported transferor shall be treated) as the owner of such securities for all purposes.

## **66. NON COMPETE & NON SOLICIT**

The Promoters, Other Shareholder and the Company shall not engage in any business which competes with the Company and comply with and shall be subject to such non-compete and non-solicit obligations as mutually agreed to by the Parties.

## **67. OTHER COVENANTS**

### **Auditor**

67.1. The Company shall maintain one of the Big 4 accounting firms appointed as statutory auditor of the Company in accordance with the said Article.

### **Conversion to private / public company**

67.2. At the sole discretion of the Investors, the Company shall upon request made by the Investors and subject to receipt of all approvals from third parties sought to be obtained by the Company on a best efforts basis, file the requisite applications for conversion to a public limited company on the sooner of (i) 90 (Ninety) calendar days from the date of the request and (ii) immediately prior to the disposal of the Investor Shares to any Person including pursuant to the exercise of exit rights by the Investors or an exit being provided to the Investors in accordance with Article 68 of these Articles. In the event the Company has been converted into a public limited company in accordance with the terms hereof, the Company shall, at the request of the Investor, use its best efforts to convert itself into a private limited company, including any time prior to the exercise of exit rights by any Investor or an exit being provided to any Investor in accordance with Article 68 of these Articles.

### **Connected Person**

67.3. Company shall update the list of Connected Persons which was provided to the Investor (as a part of the disclosure letter provided to the Investor under the Initial Agreement), upon the expiry of 6 (six) months from August 13, 2013, and provide a copy of the same to the Investors and shall further continue to update the said list at an interval of 6 (six) months thereafter and provide copy of the same to the Investor from time to time.

67.4. All agreements and transactions between the Company and any Connected Person/Concern shall be entered into on arms' length/market price basis.

### **More Favourable Rights**

67.5. The Company and the Promoters shall not provide any Person with rights in relation to the Company which are more favourable than those provided to the Investor or issue any Equity Securities on terms more favourable than those offered to the Investor hereunder without the written consent of the Investor.

### **Anti-Dilution Rights**

67.6. In the event that, at any time, the Company issues any Equity Shares or any other shares, rights, options, warrants, appreciation rights or other instruments or securities entitling the holder to receive any Equity Shares of the Company or any options to purchase or rights to subscribe for securities by their terms convertible into or exchangeable for Equity Shares (each, a "**Dilution Instrument**") at any time, then each of the Investors shall be entitled to subscribe to such number of Dilution Instruments in proportion to its equity shareholding in the Company and shall also be entitled to subscribe to its pro rata number (calculated on the same basis after giving effect to such Investor's subscription pursuant to this Article 67.6, but not including the numbers of Equity Shares held by other shareholders not subscribing in such issuance) of any Equity Shares not subscribed for by the other shareholders.

- 67.7. Where any Investor does not exercise its rights to subscribe to its proportion of the Dilution Instruments, the other Investor shall have the right to acquire such Dilution Instruments.
- 67.8. The Investors shall be entitled to acquire the Dilution Instruments on the terms on which the Company proposes to issue the Dilution Instruments to any other Person. The Company agrees and undertakes that it shall not issue any Dilution Instrument in contravention of the provisions of Article 67.6.
- 67.9. In the event that the issuance of Dilution Instruments by the Company under Article 67.6 is at price per Equity Share ("**New Price**"), which is lower than the Relevant Investment Valuation, the Investors shall be entitled to (i) require that the conversion ratio of the CCPS be adjusted and (ii) (if the said conversion ratio cannot be adjusted or if the adjustment will not result in the requisite number of Equity Shares being received by the Investor) the Investors receive from the Company additional Equity Shares at the lowest price permissible under Law, in each case, so as to ensure that the average per Equity Share price paid by the Investors in purchasing and subscribing to Equity Shares (and taking into account any amounts paid by any Investor under this Article 67.9) is equal to the New Price. For this purpose, "**Relevant Investment Valuation**" shall have the meaning ascribed to such term in the Restated Agreement.
- 67.10. Any Person to whom Equity Shares (or another Dilution Instrument) are issued pursuant to Article 67.6 (or otherwise) shall agree in writing to be bound by the terms and conditions of these Articles as a New Shareholder, in each case by executing an assignment and assumption agreement ("**Deed of Assumption**") in the Agreed Form.
- 67.11. Unless otherwise agreed by the Investors in writing pursuant to Article 61, the Promoters shall ensure that the aggregate percentage of Investor Shares in the Company, on a Fully Diluted Basis, shall not reduce, upon any action of stock split, stock dividend and corporate re-organization.

#### **Investors not to be considered Promoter**

- 67.12. Subject to Article 73, the Promoters acknowledge that, the Investors will only be minority financial investors and will not acquire any control or management of the Company, whether pursuant to these Articles or otherwise. Subject to the foregoing and subject to applicable Law, the Company and Promoters will ensure that the Investors shall not be considered or classified to be the "promoter" of the Company under applicable Laws for any reason whatsoever and the Investor Shares are not subject to any restriction on Transfer or otherwise (including that of lock-in or other restriction) which are applicable to promoters under any applicable Law, including regulations framed by SEBI from time to time.
- 67.13. The Company and the Promoters each acknowledge and agree that CDC is not acting for them.

#### **Value Creation Plan**

- 67.14. The value creation plan agreed upon and approved by the Parties shall be implemented by the Company.

#### **Business Plan**

- 67.15. The detailed business plan of the Company as agreed to between the Company, Promoters and Investor in the Initial Agreement ("**Business Plan**"), shall inter alia contain the policy on payment of dividend to shareholders, plan about the business strategy, including but not limited to the assumptions and projections shared with the Investors, with respect to the project cost, means of finance, details of proposed capital expenditure, financial targets, annual budgets, operational budgets, proposed use of the Subscription Price by the Company as well as the projected financial statements including income statement, balance sheet and cash flow for the 5 (Five) Financial Years starting from Financial Year ended 31st March 2014, and shall refer to the amended Business Plan if the same is duly revised or updated with the consent of the Investors in accordance with the terms hereof.
- 67.16. The Company shall update the Business Plan on a rolling annual basis at least 30 (Thirty) days prior to the end of the previous Financial Year, which shall be amended suitably to incorporate comments and feedback received from the Board and the Investors (each such amended and updated Business Plan referred to as the "**Updated Business Plan**"). The Updated Business Plan will be prepared on a consolidated basis for the Company and the Subsidiaries. The Updated Business Plan shall lay down the overall strategic framework within which the Company and the Subsidiaries would operate and manage the Business in the long term.



- 67.17. If the Board fails to update the Business Plan and any Investor notifies the Board in writing of a change in circumstances occurring on or after the first day of such Financial Year relating to the business or operations of the Company that the relevant Business Plan does not address and that, if not addressed, would be reasonably likely to affect the ability of the Company to continue as a going concern, then the Investors shall cause the Board of the Company, to adopt an amendment to such Business Plan designed to address such change in circumstances and to permit the Company to continue as a going concern.

#### **Annual Budget**

- 67.18. On the basis of the Business Plan or Updated Business Plan (as the case may be), the Company shall prepare a detailed annual budget with monthly break-up for each Financial Year at least thirty (30) days prior to the end of the previous Financial Year, which shall be amended suitably to incorporate comments and feedback received from the Board and the Investors (each such amended and updated annual budget referred to as the “**Annual Budget**”). The Annual Budget shall be in such form and contain such details as may be mutually agreed between the Parties and shall include the income statement, balance sheet and cash flow for each month within the Financial Year together with all supporting schedules and pertinent details. The Annual Budget shall be prepared in conformity with the broad principles set out in the Updated Business Plan.

#### **Remuneration Committee**

- 67.19. The Board shall set up a remuneration committee which shall specify the binding guidelines for compensation of Directors and employees of the Company and its Subsidiaries. Promoter No. 1 will have the final authority to determine the compensation for doctors and medical professionals employed by the Company, in consultation with the remuneration committee and within the Annual Budget and the principles set out in the Business Plan.
- 67.20. The Remuneration Committee shall comprise of 3 (three) directors, including one Investor Director, one Promoter Director and one independent director. It will reach decisions by a majority vote.

#### **ESG**

- 67.21. The Company shall comply with the ESG Requirements (subject to any requirements where the Company has time to achieve compliance under the ESG Action Plan) and take all reasonable steps in anticipation of known or expected future changes to or obligations under the same.
- 67.22. The Company shall implement all actions set out in the ESG Action Plan within the time-frames set out in that plan and report to the Investors on progress.
- 67.23. The Company shall implement, maintain and continuously improve the ESG Management System.
- 67.24. The Board of the Company shall:
- (a) oversee implementation of the ESG Action Plan;
  - (b) receive regular (e.g. quarterly) reporting from management on implementation of the ESG Action Plan across the Company as well as action points arising out of any social and environmental impact assessments and project-specific action plans;
  - (c) veto new projects where there is deemed to be a high risk of violation of ESG Requirements;
  - (d) appoint consultants to investigate breaches of ESG Requirements and the ESG Action;
  - (e) Plan at corporate and project levels.
- 67.25. The Company shall appoint a senior operational officer or other appropriate personnel satisfactory to the Investors to be responsible for the implementation, operation and maintenance of the ESG Management System (“**ESG Co-ordinator**”), who shall report to the Board.

#### **Audit Committee**

- 67.26. The Audit Committee shall comprise of 3 (three) directors, including one Investor Director, one independent director and one Promoter Director of the Company. It shall be chaired by the member independent director. It will reach decisions by a majority vote.

67.27. The Audit Committee shall have the powers set out in its terms of reference in the Agreed Form, subject to the rights of the Investors under Article 61.

#### **Capex Committee**

67.28. The Capex Committee shall comprise of 3 (three) members, including one Investor Director, one Promoter Director and one independent director. The Promoter Director shall not be entitled to participate in the Capex Committee in case of any conflict of interest between the concerned Promoter Director and the Company. The relevant Group Companies shall constitute opex committees which shall be management committees for each hospital in the Group to supervise the operating expenditure of that hospital and which committee shall be subject to overall supervision by and shall report to the Capex Committee.

67.29. The Capex Committee shall be responsible to approve all capital expenditures of the Company which are in excess of Rs. 5,000,000/- (Rupees Five Million only) and to frame procurement policies.

#### **Required Governmental Approvals**

67.30. The Company shall promptly obtain (and the Promoters and the Investors shall procure that the Company shall obtain and maintain) all Required Governmental Approvals and shall furnish certified true copies thereof to the Investor.

67.31. The Company shall (and the Promoters and the Investors shall procure that the Company shall) obtain and prepare all such forms, reports and documents as may be required to be filed to obtain, or comply with, any Required Governmental Approval. The Company shall make all such filings and reports with any Governmental Authority as may from time to time be required under any Law in connection with the transactions contemplated hereunder and the obtaining of all Required Governmental Approvals.

67.32. Company shall provide all assistance and information required by the Investors to comply with its obligations under Article 67.28 above.

67.33. The Company shall (and the Investor and the Promoters shall ensure that the Company shall) ensure that all forms, reports and documents to be filed and/or delivered under Article 67.31 are in the prescribed format, are accurately completed and are accompanied by all the required documents.

67.34. The Promoters shall assist the Company in the procurement of necessary Consents and Governmental Approvals and financial guarantees (without being under an obligation to personally provide such guarantees) necessary for the operations of the Company.

67.35. Unless otherwise approved by the Investors in writing, the sole business of the Company (and each of its Subsidiaries and any Person in which the Company has any ownership interest or capital investment) shall be the Existing Business (which shall continue to be in compliance of extant foreign direct investment norms as applicable).

#### **Change of Terms**

67.36. The terms and conditions of the CCPS shall not be altered except with the Investors' Consent.

#### **Conversion**

67.37. The Investors shall be entitled to require (severally and not jointly) that the respective Series A CCPS and the Series B CCPS held by them (or any part thereof) stand converted into Equity Shares at such time and in such a manner which shall be in accordance with the terms of the Series A CCPS and the Series B CCPS respectively.

67.38. Save as contained herein, subject to any Reorganisation, the Investors shall be deemed to hold a stake of 31.91% (thirty one point nine one percent) of the total outstanding Equity Share capital of the Company on a Fully Diluted Basis, (assuming that the Series A CCPS have been converted into 1,146,771 (One Million One Hundred and Forty Six Thousand Seven Hundred and Seventy One) Equity Shares and the Series B CCPS have been converted into 1,133,309 (One Million One Hundred and Thirty Three Thousand Three Hundred and Nine) Equity Shares) in accordance with their characteristics).

67.39. All the rights of the Investors (including the voting rights) herein in respect of the Equity Shares held by such Investor shall mutatis mutandis extend to the CCPS.

## **68. EXIT PROVISIONS**

68.1. The Company and the Promoters shall use their best efforts to undertake an IPO which pursuant to the IPO or thereafter and subject to any statutory lock-ins, provides CDC with the entitlement to sell all the Investor Shares in the Company on terms acceptable to CDC by way of an IPO (Article 69), in accordance with Clause 14 of the Shareholders' Agreement, by no later than December 31, 2022.

68.2. In the event no IPO shall have occurred by December 31, 2022 then, the Promoter and CDC shall agree upon implementing one of the following options before the expiry of December 31, 2023, and the Company and the Promoter shall undertake all such measures to provide the exit to CDC:

- i) IPO (Article 69);
- ii) Investor Stake Sale (Article 64.6);
- iii) Buyback (Article 70); and
- iv) Such other Liquidation Event as may be agreed to between CDC and the Promoters.

68.3. In the event none of the aforesaid exits are successfully consummated by December 31, 2023, then CDC shall provide the Company and the Promoter an additional period of 6 months till June 30, 2024 to provide an exit by way of sale of all the Investor Shares on terms acceptable to CDC. In the event by June 30, 2024, none of the exits are successfully consummated due to which any Investor continues to hold any Investor Shares, such Investor shall have the following rights:

- i) Investor Stake Sale (including to a Competitor), as specified under Article 71.1;
- ii) Drag Along Right on Promoters, Other Shareholders and other shareholders of the Company, as specified under Articles 71.2 to 71.7.

68.4. It is clarified that each of Investors shall have the right to exercise the option specified in Article 68.3 (i) above, on a joint basis. The Investors can exercise their Drag Along Right under Articles 71.2 to 71.7 only jointly and not severally.

## **69. INITIAL PUBLIC OFFERING**

69.1. Pursuant to Article 68.1, the Company shall and the Promoters shall cause the Company to undertake a IPO which shall be subject to the Investors' Consent, and fulfills each of the following conditions:

- (a) the Equity Shares of the Company shall be listed or quoted on the Exchanges;
- (b) such percentage of shareholding as required for satisfying regulatory and listing requirements of the issued and outstanding equity shares of the Company, or, on a best endeavours basis (based on the qualified merchant bankers appointed by the Company, advising that such higher percentage is possible) such higher percentage as is required to enable partial/complete exit by the Investors, are sold;
- (c) the initial public offering is managed by reputable investment banking firms of recognized high standing in the market in which such shares are to be offered; and
- (d) the initial public offering complies with all applicable legal, regulatory and listing requirements.

69.2. The IPO can be conducted by way of (a) a fresh issue of shares of the Company; or (b) an offer for sale by the shareholders of the Company, or (c) by way of a combination of both. The Investors shall, subject to applicable Law requirements, have the right and priority, but not obligation, over the other shareholders (including the Promoters and the Other Shareholder) of the Company in the entire quantum of shares offered for sale in the initial public offering. Subject to the Investor being able to offer all the Equity Shares requested by them in the IPO, the Promoters and the Other Shareholder shall be entitled to make an offer for sale of their shares held in the Company to the extent of any balance shares that may be offered in the IPO in accordance with the recommendations of the manager to the IPO. Provided however, it is clarified that nothing contained herein shall prejudice the obligation of the Promoters and the Other Shareholder to offer for sale such minimum number of shares in the IPO as required under the applicable Law and to consummate the issue. Subject to the recommendations of the merchant banker to the issue, the IPO may or may not be underwritten.

69.3. For the purpose of an IPO, to the extent permissible by Law and subject to Article 73, the Investor Shares shall not be subjected to a lock-in or other restriction on Transfer as applicable to promoter's contribution under the guidelines of SEBI or any other Governmental Authority as applicable from time to time.

69.4. The Company and Promoters agrees and acknowledges that if such IPO is made in India, the Company is

required to offer a minimum number of Equity Shares, as required under applicable Indian Law, existing from time to time. In addition, the Investor may require the Promoters and the Other Shareholder to contribute such number of Equity Shares as may be specified as required by the merchant banker.

69.5. The Company shall bear all costs of such IPO and of any offer and sale of Investor Shares by the Investor, including all registration, listing, filing and qualification fees and printers, legal and accounting fees and disbursements.

69.6. If a IPO is to be made and if the minimum paid-up equity share capital required at the relevant time for the purpose of listing the Company's Equity Shares is more than the paid up equity share capital of the Company (inclusive of any additional Equity Shares to be issued through the IPO), then the Company shall, subject to the Investor's Consent, issue such bonus Equity Shares as are required to meet such listing preconditions, such bonus shares to be issued one year prior to the IPO.

69.7. The Promoters and the Company will take all such steps, and extend all such co-operation to each other and the lead managers, underwriters and others as may be required for the purpose of expeditiously making and completing the said IPO.

69.8. The Company, Promoters and Investors shall mutually agree on the book running lead manager, the price and number of shares to be offered in the IPO. Upon the Investor offering Investor Shares for sale at the time of any initial public offering, the Company, the Promoters and the Investor shall complete all compliance and necessary formalities to ensure the listing of such shares.

69.9. The Promoters acknowledge that the sponsor or underwriter in any initial public offering will expect it to provide customary warranties or indemnities or another form of comfort on an exit and agree to provide the same. Subject to applicable Law and Article 73 (*Event of Default*), the Investor shall not be required to give any warranties or indemnities, other than warranties as to title and ownership of its shares and capacity to sell in respect of the Investor Shares proposed to be tendered by the Investor in the IPO.

Prior to an IPO, the Investors shall be entitled to require the Company to convert the Series A CCPS and the Series B CCPS (or any part thereof) into Equity Shares. For this purpose, such Series A CCPS and the Series B CCPS shall stand converted into Equity Shares in accordance with their terms. In the event that, after such conversion, the Company does not undertake a IPO within 2 (two) months, then the Investors shall be entitled to require the Company and the Promoters to use best efforts to, including without limitation, restore the position of the Investor in relation to the Company and the Promoters, to that prior to the conversion of the Series A CCPS and the Series B CCPS.

69.10. The Company shall formulate a committee (which shall at all times include a Promoter Director) to specifically deal with matters pertaining to the conduct of IPO in accordance with this Article 69 ("**IPO Committee**"). Subject to Article 67.13 (*Investor not to be considered as Promoters*) and Article 73 (*Event of Default*), one Investor Director shall be entitled to be a member of the IPO Committee.

69.11. the Company either (a) undertakes an IPO on or before December 31, 2022 as set out in Clause 13 read with Clause 14 of the Shareholders' Agreement or (b) the Company achieves a minimum pre-Ind AS FYE-3/22 and FYE-3/23 EBITDA of INR 2 billion and INR 2.25 billion respectively, then Clause 13A.2 shall not apply.

69.12. If neither of the conditions in Clause 69.11 are fulfilled, the Parties shall ensure that the dilution of the Investors' shareholding in the Company by 0.6348%, pursuant to its renunciation of 305,767 Equity Shares in order to enable the issuance of 2% shares to Dr Ramesh Kancharla by way of a promoter incentive, is reversed. For this purpose, the Company and the Promoters shall take all such steps and execute such deeds and documents as the Investors may request, which may include a rights issue, a bonus issue, transfer of shares from the Promoter, scheme of arrangement, reduction of share capital, buy back of shares or in such other manner as the Investors may specify in accordance with applicable law.

69.13. No other issuance of securities or options shall be undertaken by the Company before the IPO without the prior written consent of the Investor.

69.14. For the purposes of this Article 69.14:

"**FYE- 3/22**" means the Financial Year ending March 31, 2022;

“**FYE- 3/23**” means the Financial Year ending March 31, 2023; and

“**EBITDA**” means earnings before interest, tax, depreciation and amortization, as determined using the audited accounts of the Company.”

## **70. BUYBACK**

- 70.1. Pursuant to Article 68.1, the Investors may require: (i) the Company and Promoters to offer an exit by way of buyback of the First Tranche Shares (or any Equity Shares resulting from the conversion of the Series A CCPS); and (ii) the Company to offer an exit by way of buyback of the Second Tranche Shares (or any Equity Shares resulting from the conversion thereof) and the Third Tranche Shares, in each case by sending a notice asking the Company to buyback the Investor Shares (“**Buy-Back Notice**”).
- 70.2. Within 15 (fifteen) days of the Buy-Back Notice, the Promoters and the Investors shall mutually agree on the appointment of a reputed investment bank (“**Valuer**”) and shall appoint him to determine the fair value of the Equity Shares of the Company. The Valuer shall determine and present the fair market value to the Parties using such international valuation methods as determined by the Investors at their sole discretion within 30 (thirty) days of its appointment, which price shall form the buy-back price (“**Buy-back Price**”). The Company shall provide the Valuer with any and all information sought by the Valuer. If the Promoters and the Investors are unable to agree on the Valuer, then the Promoters (acting jointly) on one hand and the Investors on the other hand shall appoint one Valuer each from a Big Four accounting firm (other than the Company’s auditors), and the average of the price determined by the two such Valuers shall be the Buy-back Price.
- 70.3. The Company shall complete the buy-back process within a minimum period prescribed under applicable Law after the determination of the Buy-back Price. The Company may complete the buy-back in one or more tranches as may be agreed by the Investors and under each tranche, the Company shall buy back the maximum number of Investor Shares as is permitted under Applicable Law, at the Buy-back Price, paid in cash. It is hereby clarified that the Company shall bear all Taxes levied on the Company and the Investors shall bear any Taxes levied on them under the applicable Law. Subject to Article 73 (*Event of Default*) the Company and the Promoters agree to take all steps and actions to obtain any Consents required to complete the buy-back.
- 70.4. The Promoters and the Other Shareholder shall not and the Promoters shall use best efforts to ensure that other shareholders of the Company shall not tender their Equity Shares in the buy-back. Simultaneous with receipt of the consideration for the buy-back (Buy-back Price multiplied by the number of Equity Shares bought back of the respective Investor), the relevant Investor shall surrender the Equity Shares back to the Company.

## **71. TRANSFER TO THIRD PARTY AND DRAG ALONG**

### **Investor Stake Sale**

- 71.1. Pursuant to Article 68.3, each of the Investors shall be entitled to Transfer the Investor Shares and the rights under these Articles (in accordance with Article 68.3), to any other Person, including to a Competitor (“**Third Party Buyer**”), without the Promoters’ consent. Upon the Investor’s request the Company and subject to the Promoters continuing to be in Control of the Company, the Promoters shall enter into a Deed of Adherence with the Investors and the Third Party Buyer.

### **Drag Along**

- 71.2. In addition to Article 71.1, and pursuant to Article 68.3, the Investors shall also have the right but not the obligation to require the Promoters, the Other Shareholder and other shareholders in the Company to Transfer all or such proportion of their Equity Shares (“**Drag-Along Securities**”) that the Third Party Buyer (“**Drag-Along Buyer**”) wishes to purchase.
- 71.3. For the purpose of this Article, the Investors may deliver a written notice (“**Drag-Along Notice**”) to the Promoters and the Other Shareholder, stating that the Investors wish to exercise its rights under Article 71.2 above, and setting forth the name and address of the Drag-Along Buyer, the Drag Along Securities proposed

to be transferred, and the price, terms and conditions offered by the Drag-Along Buyer to the Investors for purchase of Investor Shares.

- 71.4. Upon delivery of a Drag-Along Notice, the Promoters, the Other Shareholder and other shareholders shall be required to transfer such number of Drag Along Securities, as specified in the Drag-Along Notice, to the Drag-Along Buyer, upon the same terms as may have been agreed between the Investors and the Drag-Along Buyer for the transfer of the Investor Shares, subject however to Article 72 (*Liquidation Preference*) below. It is hereby clarified that no consent of any Promoter shall be required for exercise of the drag-along right by the Investors.
- 71.5. Subject to Article 73 (*Event of Default*), the Promoters and the Company shall use their best efforts to facilitate and assist in any Transfer as mentioned above and shall provide and shall ensure that the management of the Company provides, such reasonable transition support, as may be requested by the Drag-Along Buyer. As part of any Transfer under this Article 71, the Investors intend to have reasonable and customary representations and warranties to be provided by the Promoters. Subject to Article 73, the Promoters shall, in good faith, execute all such documents and provide all representations and warranties and indemnities, as reasonably requested by the Investors to give effect to the sale. The Investors may, at the expense of the Company, hire and retain investment bankers, attorneys and any other advisors, on behalf of, and to represent, the Company, in order to initiate any transaction hereunder, to undertake any valuation and/or make any filings; and the Company and the Promoters undertake to assist the Investors in this regard.
- 71.6. The Company and the Promoters shall render all assistance requested by the Investors to enable the Investors to obtain any consents or approvals from any Government Authority to give effect to any of the transactions contemplated herein.
- 71.7. Notwithstanding anything contained hereinabove, the Investors shall have the right to require the Promoter to sell any of either Equity Shares to the Third Party Buyer only if the Investors will be selling all and not less than all the Investor Shares to such Third Party Buyer. Further, subject to Article 72 (*Liquidation Preference*), such sale by the Promoters shall be on the same terms and conditions on which the Investor Shares are sold to the Third Party Buyer and such sale and purchase shall be completed simultaneously with the sale and purchase of the Investor Shares to such Third Party Buyer. In the event that the Investors exercises their right under Article 73, if the Investors are at the time in Control of the Company, the Promoters shall not, for the period after the Promoters ceasing to be in Control of the Company, be obliged to provide any representations, warranties and indemnities in relation to Transfer of the Drag Along Securities other than customary representations and warranties on title to the Drag Along Securities, due authority, solvency, due execution, conflicts, due incorporation and authorizations. It is clarified that the Promoters shall continue to be obliged to provide all representations and warranties and indemnities, including as to the Company, its business, assets and operations, in respect of the Transfer of Drag Along Securities for the period prior to the Promoters ceasing to hold Control in respect of the Company. The Promoters shall not be required to enter into any commitment with the Third Party Buyer with respect to their employment in the Company unless the contrary is agreed to by the Promoters in writing.

## **72. LIQUIDATION PREFERENCE**

- 72.1. In the event of (i) any winding up or insolvency or bankruptcy or other dissolution of any Company (whether voluntary or involuntary), (ii) any acquisition of the Company by means of a merger or other form of corporate reorganization in which the existing shareholders of the Company do not own a majority of the outstanding Equity Shares of the surviving entity, (iii) sale or transfer of any significant assets of the Company or (iv) appointment of a receiver by any court of law for administration of the affairs of the Company or (v) sale of all or substantially all of the assets of the Company or (vi) sale of Equity Shares involving a change of Control or (vii) sale by any Investor of all its Equity Shares at an IPO (a "**Liquidation Event**"), then subject to applicable Laws, the total proceeds from such Liquidation Event remaining after discharging or making provision for discharging the liabilities of the Company, shall be distributed (a) first, to CDC India, pro-rata to their shareholding an amount equal to the sum of the Second Tranche Price and the Third Tranche Price paid in respect of the Second Tranche Shares and the Third Tranche Shares, respectively; (b) second, to the CDC Group pro-rata to their shareholding an amount equal to the First Tranche Price paid in respect of the First Tranche Shares (the total of the amounts in (a) and (b) together, the "**Liquidation Preference Amount**") and (c) next, to the other shareholders of the Company, pro rata in proportion to their shareholding a per Equity Share sum equal to the total Liquidation Preference Amount divided by the total number of Equity Securities referred to in (a) and (b) together (i.e. so that the other shareholders receive a

price per Equity Share equal to the average price per Equity Security received by CDC India and CDC Group). Any surplus amounts shall be distributed among all the shareholders of the Company (including the Investors) in proportion to their shareholding.

72.2. For the purposes of determination of Liquidation Preference Amount, each of the First Tranche Price, the Second Tranche Price and the Third Tranche Price shall be reduced by such sums as have already been paid to the Investors under these Articles in respect of dividends and any proceeds of sale of Investor Shares by such Investor (other than to its Investor Group).

72.3. In the event the aforementioned Article 72.1 is not enforceable for any reason whatsoever, the following shall apply:

- (a) In the event of the occurrence of a Liquidation Event and after payment or provision for payment of the debts and other liabilities of the Company, the surplus (after such payment) shall be distributed amongst the shareholders in proportion to their shareholding. In the event that the amount, if any, received by the Investors is less than the Liquidation Preference Amount, the other shareholders shall out of the amounts received by them, pay over such an amount to the Investors so that the Investors receive an amount in aggregate equal to the Liquidation Preference Amount due to them.
- (b) To the extent necessary, each shareholder waives its respective rights and entitlements to their share in any payment pursuant to a Liquidation Event and to the extent such payments are made to, or received by, any shareholder, such shareholder shall hold the payments received by them in trust for the Investors. For this purpose, the shareholders shall place amounts received by them in escrow on terms and with an escrow agent acceptable to the Investors and ensure that the Investors are paid the requisite amounts from such escrow account. In this regard, the shareholders shall enter into such agreements and obtain all such approvals and consents as the Investors may require.

72.4. The Company and the Promoters shall apply on a best efforts to obtain all such approvals and take all such actions as may be required to permit such payment to the Investors. Promoters shall make best efforts to ensure that other shareholders act in accordance with Article 72.3(b) above.

### 73. EVENT OF DEFAULT AND OTHER DEFAULTS

73.1. The occurrence of any of the following events shall constitute an “**Event of Default**” under these Articles:

- (a) the Promoters and/or the Company commit one or more breaches of Article 61 in relation to the following matters which are set out in Article 77 (*Reserved Matters*) of these Articles and the breach(es) are not remedied to the reasonable satisfaction of the Investors within 30 (thirty) Business Days of intimation of such breach(es) to the Company by the Investor and such Investor is not indemnified for all Losses arising in respect of such breach(es) in accordance with the process set out in Clause 7 (*Indemnity*) of the Initial Agreement (as amended by the Amendment Agreement and restated by the Restated Agreement):
  - (i) with respect to the matters numbered 2 (changes to share capital), 7 (voluntary dissolution), 10 (changes to business) or 25 (listing) in Article 77, any breach;
  - (ii) with respect to the matters numbered 1 (amendment to Organizational Documents), 3 (altering the rights attached to securities) or 26 (changing the board) in Article 77, any material breach; and
  - (iii) with respect to the matters numbered 4 (indebtedness), 12 (guarantees), 13 (disposals), 14 (other transactions), 15 (acquisitions), 17 (investments), 20 (connected person transactions), 28 (capital expenditure) and 29 (major use of funds) in Article 77, any breach where the amount by which the value of the transaction exceeds the greater of (a) Rs. 50,000,000/- (Rupees Fifty Million only) or (b) the amounts set out in the Business Plan; or
  - (iv) breaches of more than three of the matters listed in paragraphs (i) to (iii) above in any six-month period.
- (b) the Promoters and/or the Company commits any breach of Article 71 (*Drag Along*), Article 63 (*Transfer of Equity Securities by Promoters*) or Article 66 (*Non Compete and Non Solicit*), any Investor notifies the Company and/or the Promoters in respect of such breach and the Company and/or the Promoters do not comply with the relevant Article within 14 Business Days of the notice;
- (c) the Promoters and/or the Company commits one or more breaches of Articles 60.7 and 60.8 (Inspection rights of the Investor) by (i) failing to provide information or access in accordance with those Articles on more than three occasions in any three month period or (ii) failing to provide the particular

information or permit access for a particular notwithstanding three separate requests within a period of 15 Business Days (which shall be sufficient to provide „reasonable notice“ for the purposes of these Articles) and the Investor notifies the Company and/or the Promoters in respect of such breach(es) and the Company and/or the Promoters do not comply with the relevant Article within 5 Business Days of the notice;

- (d) (i) the Promoters committing a financial fraud in relation to the Company or (ii) the Promoters committing or, through any act or omission, causing the Company to commit a willful and/or reckless breach of Law in a manner which substantially and prejudicially affects the Company. Provided that the Investor may elect to treat any breach listed in this sub-article (d) as an ESG Breach, in which case the breach shall not constitute an Event of Default in addition;
- (e) the findings of any concurrent audit or investigation by an independent external agency appointed by the Investors pursuant to Article 60.1 which investigation reveal that: (i) the affairs of the Company are being grossly mismanaged and such mismanagement is attributable to the gross negligence, fraud or wilful misconduct of the Promoters; (ii) the First Tranche Subscription Price and/or the Second Tranche Price has been unlawfully diverted to a third party; and
- (f) Insolvency of Promoter No. 1.

### **Consequences of an Event of Default**

- 73.2. When an Event of Default has occurred in terms of Article 73.1 of these Articles, the Investors shall be entitled to require (without prejudice to other rights of the Investor): (i) the Company and/or the Promoters in case of the First Tranche Shares (or any Equity Shares resulting from the conversion of the Series A CCPS); and (ii) only the Company in case of the Second Tranche Shares (or any Equity Shares resulting from the conversion thereof) and the Third Tranche Shares, in each case to make a binding offer of an exit to the Investors by way of a buy back of all the Investor Shares at a price which shall be the Buy Back Price at such time within 15 (Fifteen) Business Days of notification by the Investors of the Event of Default and the requirement to buy back shares.
- 73.3. If the Company fails make a binding offer under Article 73.2 or fails to complete a buy back pursuant to such an offer within 30 (thirty) Business Days of the binding offer (provided that that period may be extended to the extent necessary to comply with any mandatory notice periods or staged periods for buying back shares under applicable Law, but may not be extended because the Company has insufficient distributable reserves without the Investor's consent) the Investors (acting collectively) shall be entitled to appoint such number of Directors on the Board of the Company as will (together with the Investor Directors) constitute a majority of the directors on the Board of the Company, for the purpose of seeking to remedy the Event of Default. The Investor's right to appoint additional Directors shall continue until such time as the Event of Default has been remedied or the buy back of their shares has been completed in accordance with this Article 73.3. After the Event of Default has been remedied, the additional Directors appointed by the Investors shall cease to be Directors. During any period during which the Investors have appointed additional directors in accordance with this Article 73.3, the Promoters shall continue to discharge all obligations as may be applicable under the terms hereof but only to the extent that it is within their personal power as shareholders and directors of the Company (as the case may be), regardless of losing the Control of the Company for such period.

### **Defaults under financing agreements**

- 73.4. In the event of any default in material obligations and/or covenants of the Company under the financing agreements entered into with its lenders and notice of the same has been given by the Company to the lender or has been received from any such lender and/or in the event of any order of winding up being passed against the Company and/or a receiver being appointed in respect of any assets of the Company, the Investors shall be entitled to (but not under an obligation) to appoint a Big 4 accounting firm, at the cost and expense of the Company, to formulate a plan and make recommendations to the Company for improving its financial condition and restoring the Company to the position prior to occurrence of such breach. The Company and/or the Promoters shall forthwith adopt and implement the plan and the recommendations made by the accounting firm in accordance with the foregoing.

### **ESG breach**

- 73.5. If the Company is in material breach of the ESG Requirements and other obligations specified under Articles 67.21 to 67.25 hereof, the Investors may appoint consultants to investigate the possible breach. The Investors and the Company shall work together to discuss and implement the possible solutions to these breaches. Upon mutual agreement of a solution, the Company shall have a defined period, which shall not exceed 6 (Six)



months in which to remedy the aforesaid breach (“**ESG Breach**”). Provided that if the Investors specifically consents in writing to the undertaking of an action that constitutes an ESG Breach, then such action shall not be deemed to be an ESG Breach.

- 73.6. If an ESG Breach is not remedied within 6 (Six) months or not capable of remedy, and the ESG Breach has occurred before 1 January 2022, the Investors may, in the order of priority below:
- (i) sell its shares to a Financial Investor of repute within 6 (six) months of occurrence of an ESG Breach on terms acceptable to the Investors. The first two sentences of Article 63.4 (*Promoter’s right of first offer*) shall not apply to the sale. Towards this purpose, the Investors shall be required to issue a notice to the other Parties indicating its intention to sell the Investor Shares on terms acceptable to the Investor. The Investors shall cooperate with the Company and the Promoters in making efforts for the purpose of identifying prospective buyers for the Investor Shares of the Company, provided that the Investors shall not be required to incur any costs in this regard.
  - (ii) after the expiry of that 6 (six) month period, in the event of failure of any Investor to successfully complete sale of its Investor Shares, such Investor shall be entitled to require the Promoters and/or the Company to purchase the First Tranche Shares (or any Equity Shares resulting from the conversion of the Series A CCPS) and only the Company to purchase the Second Tranche Shares (or any Equity Shares resulting from the conversion thereof) and the Third Tranche Shares, in each case at a price which is the price determined on the basis of the fair market value of the Company in accordance with Article 70 (*Buy-back*). It is hereby clarified that the Promoters shall be entitled to purchase the Investor Shares in accordance with this Article on their own and/or through a nominee at their discretion.
  - (iii) If any Investor is unable to exercise either of the above options, such Investor may sell the Investor Shares to any third party (including a Competitor).
- 73.7. If an ESG Breach is not remedied or not capable of remedy, and the breach occurs after on or after January 1, 2022, any Investor may sell the Investor Shares, to any third party (including a Competitor).
- 73.8. The Investors shall not assign its rights under the aforesaid Articles 73.5, 73.6 and 73.7 to any Transferee (other than to the transferee which is within its Investor Group) of any Investor Shares.

## **74. TERM**

### **Termination Provisions**

- 74.1. Save as contained herein, Chapter II of Part B of these Articles shall cease to apply, upon the earlier of (i) in respect of the Investors, upon both Investors collectively ceasing to hold at least 5% (five percent) Equity Shares of the Company (as adjusted for any Reorganisation) on a Fully Diluted Basis (assuming that the Series A CCPS have been converted into 1,146,771 (One Million One Hundred and Forty Six Thousand Seven Hundred and Seventy One) Equity Shares and the Series B CCPS have been converted into 1,133,309 (One Million One Hundred and Thirty Three Thousand Three Hundred and Nine) Equity Shares) in accordance with their characteristics) or (ii) the successful completion of a IPO as per Article 69. Provided however that in the event Chapter II of Part B of these Articles ceases to apply pursuant to this Article 74.1 (i) the rights of the Investors under Articles 61 (Reserved Matters, subject to the process laid out in Article 61.1) to the extent of the Fundamental Reserved Matters, Articles 60.1 (b) (c) and (f) and 60.3 (*Information Rights*) and Article 67.21, 67.22 and Article 78(ESG), shall continue to be applicable until both Investors collectively cease to hold any Equity Securities in the Company. In the event the termination is on account of Article 74.1(ii), then the rights of the Investors: (a) to appoint 2 (two) Investor Directors on the Board, (b) under Articles 60.1 (b) (c) and (f) and 60.3 (*Information Rights*) and Article 67.21, 67.22 and Article 78 (ESG); shall continue to be applicable in respect of the Investors until the later of (i) the expiry of any lock-in on any Investors Shares subsequent to the listing pursuant to the IPO; and (ii) until such time as concerned Investor Group continue to hold 7.5% (Seven Point Five per cent) or more of the share capital of the Company on a Fully Diluted Basis (assuming that the Series A CCPS have been converted into 1,146,771 (One Million One Hundred and Forty Six Thousand Seven Hundred and Seventy One) Equity Shares and the Series B CCPS have been converted into 1,133,309 (One Million One Hundred and Thirty Three Thousand Three Hundred and Nine) Equity Shares) in accordance with their characteristics).

### **Survival after Termination**

- 74.2. The provisions of Articles 58.11 (Directors Indemnity), and 76 (Dispute Resolution) shall survive post Chapter II of Part B ceasing to apply in accordance with Article 74.1 above.
- 74.3. Any termination as mentioned above shall be without prejudice to the accrued rights of the Parties.

## 75. MISCELLANEOUS

### Assignment and Binding Effect

- 75.1. The Company and the Promoters shall not be entitled to, nor shall they purport to, assign transfer, charge or otherwise deal with all or any of its/their rights and/or obligations under these Articles nor grant, declare, create or dispose of any right or interest in it, in whole or in part.
- 75.2. Subject to and without prejudice to Article 64.3, Investors shall be entitled to assign their rights and/or transfer its obligations hereunder to any of their Transferees as permitted under Article 64. For this purpose, the Parties shall execute the Deed of Adherence.
- 75.3. Chapter II of Part B of these Articles shall be binding upon and inure to the benefit of the Parties and their respective heirs, successors, permitted assigns, executors and administrators.

### Several Rights and Obligations

- 75.4. Save as specifically set forth in Chapter II of Part B of these Articles, all the rights and obligations of each Investor are several and not joint, and no Investor shall be in any manner liable for the obligations or responsibilities of any other Investor.

### Waivers and remedies

- 75.5. A breach of any term or provision of Chapter II of Part B of these Articles shall be waived only by written instrument of the Party or Parties entitled to the benefits thereof. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the Party granting such waiver in any other respect or at any other time. Neither the waiver by any of the Parties of a breach of or a default under any of the provisions of Chapter II of Part B of these Articles, nor the failure by any of the Parties, on one or more occasions, to enforce or timely enforce any of the provisions of Chapter II of Part B of these Articles or to exercise any right or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights or privileges hereunder. The rights and remedies herein provided are cumulative and none is exclusive of any other, or of any rights or remedies that any Party may otherwise have at law or in equity.

## 76. DISPUTE RESOLUTION

- 76.1. In the event of any dispute, controversy or claim arising out of, relating to, or in connection with these Articles, or the breach, termination or validity hereof, the disputing party ("**Disputing Party**") shall provide a notice ("**Dispute Notice**") to the other parties ("**Non Disputing Parties**"). Upon the receipt of the Dispute Notice by the Non Disputing Parties, the Promoters, Company and the Investor shall within 5 (Five) Business Days from such receipt constitute a committee ("**Mediation Committee**"), comprising the Parties, who shall seek to resolve such matter through discussions and negotiations to be held as soon as practicable after the initial occurrence of such matter, but not later than 15 (fifteen) Business Days from the date of constitution of the Mediation Committee ("**Mediation**").
- 76.2. Where the Parties fail to constitute a Mediation Committee or after constitution of the Mediation Committee, fail to resolve the matter by Mediation, it shall be finally settled exclusively by arbitration. The arbitration shall be conducted in accordance with the UNCITRAL Arbitration Rules (the "**Rules**") in effect at the time of the arbitration, except as they may be modified by mutual agreement of the parties. The seat of the arbitration shall be Singapore. The arbitration shall be conducted in the English language.
- 76.3. The arbitration shall be conducted by 3 (three) arbitrators. The Party (or the Parties, acting jointly, if there are more than one) initiating arbitration (the "**Claimant**") shall appoint an arbitrator in its request for arbitration (the "**Request**"). The other Party (or the other Parties, acting jointly, if there are more than one) to the arbitration (the "**Respondent**") shall appoint an arbitrator within 30 (Thirty) days of receipt of the Request and shall notify the Claimant of such appointment in writing. If within 30 (Thirty) days of receipt of the Request by the Respondent, either Party has not appointed an arbitrator, then that arbitrator shall be appointed in accordance with the Rules. The first two arbitrators appointed in accordance with this provision shall appoint a

third arbitrator within 30 (Thirty) days after their appointment. When the third arbitrator has accepted the appointment, the two arbitrators making the appointment shall promptly notify the Parties of the appointment. If the first two arbitrators appointed fail to appoint a third arbitrator or so to notify the Parties within the time period prescribed above, then the third arbitrator shall be appointed in accordance with the Rules. The third arbitrator shall act as Chair of the tribunal.

- 76.4. The arbitral award shall be in writing, state the reasons for the award, and be final and binding on the Parties. The award may include an award of costs, including reasonable attorneys' fees and disbursements. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the relevant Party or its assets.
- 76.5. In order to facilitate the comprehensive resolution of related disputes, and upon request of any Party to the arbitration proceeding, the arbitration tribunal may, within 90 days of its appointment, consolidate the arbitration proceeding with any other arbitration proceeding involving any of the Parties relating to these Articles. The arbitration tribunal shall not consolidate such arbitrations unless it determines that (i) there are issues of fact or law common to the proceedings, so that a consolidated proceeding would be more efficient than separate proceedings, and (ii) no Party would be prejudiced as a result of such consolidation through undue delay or otherwise. In the event of different rulings on this question by the arbitration tribunal constituted hereunder or Restated Articles, the ruling of the tribunal constituted under these Articles will govern, and that tribunal will decide all disputes in the consolidated proceeding.
- 76.6. The arbitration shall be kept confidential and that the existence of the proceeding and any element of it (including but not limited to any pleadings, briefs or other documents submitted or exchanged, any testimony or other oral submissions, and any awards) shall not be disclosed beyond the tribunal, the Parties, their counsel and any Person necessary to the conduct of the proceeding, except as may be lawfully required in judicial proceedings relating to the arbitration or otherwise.
- 76.7. The costs of arbitration shall be borne by the losing Party unless otherwise determined by the arbitration award.
- 76.8. When any dispute occurs and is under arbitration, except for the matters under dispute, the Parties shall continue to exercise their remaining respective rights, and fulfil their remaining respective duties and obligations, under these Articles.
- 76.9. Notwithstanding this Article 76 or any other provision to the contrary in these Articles, no Party shall be obligated to follow the foregoing arbitration procedures where such Party intends to apply to any court of competent jurisdiction for an interim injunction or similar equitable relief against any other Party, provided there is no unreasonable delay in the prosecution of that application.

## **77. RESERVED MATTERS**

77.1. The following are the Reserved Matters:

- (i) Any amendment to the Organizational Documents of the Company and/or its Subsidiaries;
- (ii) Transferring, creating, issuing, allotting, or offering any shares or other securities of the Company and its Subsidiaries whether as a public offering or as a private sale or issue, or otherwise (including, for the avoidance of doubt, under or pursuant to any employee shares or security option scheme or plan), or any conversion of any securities or redeeming or buying back any of the shares or other securities of the Company, and/or any change to the share capital of the Company, including, but not limited to, (i) creation of any new class of shares or securities having any preference to the existing Equity Shares with respect to dividends, voting, liquidation preference or conversion rights, (ii) issuance of any securities in the nature of debt instruments convertible into shares, or any Indebtedness issued with warrants (or other similar structures) exercisable for equity shares of the Company, and (iii) any buy back of securities by the Company.
- (iii) Altering any of the rights attached to any securities of the Company;
- (iv) Any Indebtedness in excess of the levels prescribed in the Business Plan or the Annual Budget, in each case as approved by the Investors in accordance with Article 77;
- (v) Adoption and approving the audited Accounts.
- (vi) Change in internal or statutory auditors.
- (vii) Any voluntary dissolution, winding-up or liquidation of the Company, or mergers, de-mergers, spin-offs, reconstitutions, reconstructions, recapitalisations, consolidations, restructuring or reorganization

- of the Company or any composition with the creditors or receivership or similar process;
- (viii) Creating any subsidiary, or entering into any joint ventures, partnerships or profit sharing agreements or any similar arrangements;
  - (ix) Adopting or making material amendments to the Business Plan or material deviations from the same or taking any action which is not in accordance with the same or conducting any activity which has not been contemplated in the Business Plan, such Business Plan having being approved by the Investor;
  - (x) Any change to the Existing Business or commencement of any new line of business or expansion to new markets, any diversification into business areas which is unrelated to the Existing Business of the Company and/or acquisition, disposition or dilution of a substantial interest in any other business, company, partnership or sole proprietorship or developing the Existing Business other than through a wholly owned Subsidiary or adoption of any new business by the Company, other than the Existing Business;
  - (xi) Writing-off of any of the Company's receivables, loans and advances, investments or inventories amounting to greater than Rs. 500,000/- (Rupees Five Hundred Thousand only) to any person or collectively to persons forming part of a group, either directly or indirectly, whether in a single transaction or through a series of transactions, without any reference to time elapsed between transactions;
  - (xii) Providing guarantees on behalf of, or extending any funds or loans to any person by the Company in excess of Rs. 5,000,000/- (Rupees Five Million only), which is not in the ordinary course of business of the Company;
  - (xiii) Selling, disposing, liquidating, licensing or transferring of any assets of the Company (including without limitation, any moveable assets, any investments by way of any shares or debt etc.) or any of its, joint ventures or partnerships set up by the Company, or any interest therein, whether in part or in whole, to any other person, in excess of Rs 1,000,000/- (Rupees One Million only) for individual transactions and Rs. 5,000,000/- (Rupees Five Million only) on a cumulative basis, in any Financial Year, or substantially all of the assets or undertaking and/or goodwill of the Company.
  - (xiv) Any transaction other than in the ordinary course of business of the Company causing the incurring of an income or expenditure in excess of Rs. 5,000,000/- (Rupees Five Million only);
  - (xv) Acquisition or disposal of shares, securities, non-convertible debentures, derivative instruments or assets of other businesses, business organization or division of any other person, creation of legal entities .The prosecution, withdrawal or settlement of litigation involving the Company involving potential awards in excess of Rs. 1,000,000/- (Rupees One Million only).
  - (xvi) Entering into any agreement, arrangement, transaction or assignment including grant of any license of any product, intellectual property rights including those relating to copyrights, trademarks, patents and designs or assets of the Company;
  - (xvii) Making of any investment in excess of Rs. 500,000 (Rupees Five Hundred Thousand only) (other than short-term deposits with banking institutions).
  - (xviii) Declaration or payment of dividends or other distributions to any class of Equity Securities of the Company, other than in accordance with the Business Plan approved by the Investor.
  - (xix) Entering or modifying any collective bargaining or similar agreement with any trade union or employee body.
  - (xx) Transactions with Connected Persons /Concerns.
  - (xxi) Material changes to accounting or tax policies, procedures or practices including change in the Financial Year of the Company
  - (xxii) The appointment or removal and determination of the terms of employment including compensation Key Employees, and any significant changes in the terms of their employment agreements or establishment of any pension, profit sharing, bonus or incentive scheme for the Company or any of its Subsidiaries or the variation of the terms of such scheme.
  - (xxiii) Delegation of authority or any of the powers relating to any Reserved Matter from the Board to any individual or committee and any commitment or agreement to do any of the foregoing.
  - (xxiv) Approval of Annual Budget and incurrence of expenses that are materially in excess of the Annual Budget so approved.
  - (xxv) Any listing of Equity Shares or any other securities of the Company or any of its Subsidiaries, whether on an Exchange in India or outside India and engaging advisers and all steps towards listing.
  - (xxvi) Changing the size or composition of the Board or any committee formed by it, appointment or removal of directors, other than those nominated by the Promoters.
  - (xxvii) Changing the terms of reference / scope of any committees formed by the Board / shareholders of the Company including the Audit, Remuneration, Capex Committees.
  - (xxviii) Capital or developmental expenditure towards acquisition of land, building, or any other assets materially beyond what is envisaged by the Business Plan or Annual Budget, in each case, as approved

- by the Investors (in accordance with Article 77) or any changes to the Annual Budget.
- (xxix) Any major use of funds cumulatively in excess of Rs. 5,000,000/- (Rupees Five Million only) including those that are part of the Business Plan approved by the Investors, in accordance with Article 77 (including the purchase of land or buildings or taking actions that commits the Company to do so in future).
- (xxx) Any contributions towards political or charitable causes or institutions engaged in such matters.
- (xxxi) Any changes in the registered office of the Company.
- (xxxii) Termination of any business combination or joint venture involving any Group Company
- (xxxiii) Change in the legal form of any Group Company, including but not limited to change of status of any Group Company from public company to private company or vice versa.
- (xxxiv) Any changes to ESG Co-ordinator.
- (xxxv) Any change and/or relocation in the existing facilities / establishments of the Company.

77.2. The following are the Fundamental Reserved Matters:

- (i) Any amendment to the Organizational Documents of the Company and/or its Subsidiaries, which results or likely to result in prejudicing any Investor and/or any of the rights of any Investor contained in these Articles;
- (ii) Altering any of the rights attached to any securities of the Investor;
- (iii) Transactions with Connected Persons / Concerns which have a value in excess of Rs. 1,000,000/- (One Million Only) per transaction or series of related transactions in a Financial Year
- (iv) Listing of shares or securities on any stock exchange.
- (v) Commencement of any new line of business, unrelated to the existing business of the Company.
- (vi) Liquidation, administration, receivership, composition with creditors or similar process.

## **78. ESG REQUIREMENTS**

### **78.1. Compliance with law**

- a) Each Group Company must comply with Environmental Laws, Social Laws, Governance Laws and Environmental Permits.
- b) No Group Company shall engage in production of or trade in any product or activity:
  - (i) deemed illegal under applicable Laws or regulations or international conventions and agreements; or
  - (ii) that contravenes any international conventions and agreements to which India is a party and which have force of Law in India.

### **78.2. Working conditions and labour rights**

Each Group Company must:

- a) not employ or make use of forced labour in accordance with ILO Convention No. 29 (Forced Labour) and ILO Convention No. 105 (Abolition of Forced Labour);
- b) not employ or make use of child labour in accordance with ILO Convention No.138 (Minimum Age) and ILO Convention No. 182 (Worst Forms of Child Labour);
- c) pay wages which meet or exceed industry or legal national minima from October 31, 2013;
- d) not discriminate in terms of recruitment, progression, terms and conditions of work and representation, on the basis of personal characteristics unrelated to inherent job requirements, including gender, race, colour, caste, disability, political opinion, sexual orientation, age, religion, social or ethnic origin, marital status, membership of workers' organisations, legal migrants, or HIV status unless positive discrimination is permitted by law and is intended to address a historical imbalance;
- e) adopt an open attitude towards workers' organisations and respect the right of all workers to join or form workers' organisations of their own choosing, to bargain collectively and to carry out their representative functions in the workplace in accordance with ILO Convention No. 87 (Freedom of Association and Right to Organise) and ILO Convention No. 98 (Right to Organise and Collective Bargaining);

- f) provide reasonable working conditions including a safe and healthy work environment, working hours that are not excessive in accordance with ILO Convention No. 1 (Hours of Work (Industry)) and clearly documented terms of employment, respecting any collective bargaining agreements that are in place or (where these do not exist or do not address working conditions) or conditions established, by collective agreement or otherwise, for work in the trade or industry concerned in the area where the work is carried out;
- g) provide an appropriate grievance mechanism that is available to all workers and where appropriate other stakeholders, and which includes grievances brought by those affected by the operation of the Group; and
- h) implement policies and procedures for, and encourage, the reporting of wrongdoing and misconduct by staff, employees and contractors in their dealings with each other or with third parties that includes protection for the reporter and appropriate disciplinary action for anyone found to harass the reporter.

### 78.3. **Anti-corruption and business Integrity**

- a) The Company shall not (and the Company shall ensure that no other Group Company or any agent or delegate will) commit any Corrupt Acts or direct any person to commit any Corrupt Act on its behalf.
- b) No Group Company may directly or indirectly use or make available the proceeds of the Investment to finance the activities of any person or entity which is currently any list of specifically designated nationals or designated persons or entities held by a Sanctioning Body (each as amended, supplemented or substituted from time to time) or who is in a country or territory which is subject to trade, economic or financial sanctions embargoes or travel bans imposed, administered or enforced by a Sanctioning Body, to the extent that the financing would currently be prohibited by a Sanctioning Body.
- c) The Group Companies must:
  - (i) uphold high standards of business integrity and honesty.
  - (ii) adopt and implement policies and practical procedures to prevent extortion, fraud, bribery, corruption and financial crime in accordance with local law requirements and international best practice, including anti-corruption and anti-money laundering best practice, including:
    - a. the adoption and periodic review of a code of ethics which must incorporate a whistleblower policy, the anti-bribery and corruption policy (including explanations and procedures) in the Agreed Form and other appropriate business integrity and legal compliance policies to ensure compliance with applicable Governance Laws (including prohibiting employees and contractors acting on the Group Company's behalf from promising, making or receiving gifts of substance in the course of business or making of payments as improper inducement to confer preferential treatment);
    - b. employee training programmes; and
    - c. appropriate due diligence procedures to evaluate the integrity and business history of persons and entities with whom they wish to transact;
  - (iii) properly record, report and review financial and tax information and adopt internationally recognised accounting standards satisfactory to CDC and for this purpose Indian GAAP is satisfactory to CDC;
  - (iv) establish corporate governance practices appropriate to the size and nature of the business;
  - (v) deal with regulators in an open and co-operative manner;
  - (vi) use information received from its business partners only in the best interests of the business relationship and not for personal financial gain by any worker; and

- (vii) ensure employees and third parties providing material goods and services to the Company shall be contractually bound not to engage in any Corrupt Acts in the performance of employment or services on behalf of the Company.

#### **78.4. Excluded Activities**

The Company shall not (and the Company shall ensure that no other member of the Group Companies will) perform any of the Excluded Activities.

#### **78.5. Opportunities for improvement**

Each Group Company should consider the potential for positive environmental and social impact from their business activities and how these could also benefit the business, for example through cost savings, reduced staff turnover or improved stakeholder relations. These should include adopting, developing, offering or marketing:

- (a) products, services, skills or employment opportunities that could benefit community stakeholders;
- (b) a living wage that is sufficient to meet workers' needs; and
- (c) resource efficient, greenhouse gas reducing or low carbon technologies or working practices.

#### **78.6. Requirements for specific activities**

- (a) If the activities of a Group Company involve or could be reasonably expected to involve:
  - i) any acquisition or conversion of land;
  - ii) any construction of any hospital or other medical facility;
  - iii) substantial negative impact on biodiversity, habitat or ecosystem services;
  - iv) significant air pollution;
  - v) significant use of or discharge into water;
  - vi) substantial solid waste
  - vii) significant use of hazardous chemicals or pesticides;
  - viii) other significant negative environmental or social impacts then the relevant IFC Performance Standards should be implemented and, in accordance with IFC Performance Standards (i) an appropriate stakeholder engagement plan should be developed in line with the applicable IFC Performance Standard, and (ii) an environmental and social impact assessment (and/or, in the case of displacement of communities, a resettlement action plan) should be carried out for any new such activities.
- (b) If the activities of a Group Company could reasonably be expected to involve:
  - i) significant risks to the health and safety of workers or to other stakeholders, including affected communities, the Group Company shall assess and mitigate those risks, for example through a Health and Safety audit and action plan, in line with the relevant IFC Performance Standards;
  - ii) the remote location of workers for extended periods of time, the Group Company must ensure that the workers have access to adequate housing and basic services; and
  - iii) coal-fired power, CDC must be satisfied that the use of coal is justified by the impact of the proposed activity by the Group Company and that no practicable alternatives exist.

### **79. EXCLUDED ACTIVITIES**

Any of the following activities:

- 79.1. production of, or trade in, any product or activity deemed illegal under applicable local or national laws or regulations or subject to internationally agreed phase-outs or bans as defined in global conventions and agreements such as certain:

- (i) hazardous chemicals, pharmaceuticals, pesticides and wastes, as specified in the 2004 Stockholm

Convention on Persistent Organic Pollutants; the 2004 Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, the 1992 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and the WHO Recommended Classification of Pesticides by Hazard Class Ia (extremely hazardous); or Ib (highly hazardous);

- (ii) ozone depleting substances, as specified in the 1999 Montreal Protocol on Substances that Deplete the Ozone Layer;
- (iii) endangered or protected wildlife or wildlife products, as specified in the 1975 Convention on International Trade in Endangered Species or Wild Flora and Fauna;
- (iv) unsustainable fishing methods such as blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 kilometres in length;
- (v) production of, or trade in, arms (i.e. weapons, munitions or nuclear products, primarily designated for military purposes);
- (vi) production of, use of, or trade in, unbonded asbestos fibres;
- (vii) production of, or trade in, radioactive materials (excluding medical equipment, quality control (measurement) equipment and any equipment in which the radioactive source could reasonably be considered to be trivial or adequately shielded);
- (viii) prostitution; or
- (ix) commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest.

79.2. Any of the following activities, to the extent that the activities represent more than 10% of the Group Companies consolidated balance sheets or earnings:

- (i) gambling, gaming casinos and equivalent enterprises;
- (ii) tobacco or tobacco related products (provided that the Group Companies propose to cease such activities completely within a period agreed with CDC);
- (iii) pornography; or
- (iv) production of or trade in alcoholic beverages (excluding beer and wine).

## **80. ENTRENCHMENT OF ARTICLES**

80.1. All rights awarded or granted to CDC under these Articles over and above the rights available to the other shareholders of the Company shall be considered to be entrenched for the purpose of Section 5(3) of the Act and such entrenched rights may be modified or abrogated only by a special resolution and with the prior written consent of CDC, whose rights are sought to be modified or abrogated. Therefore, in accordance with the provisions of Sections 5(3) and 5(4) of the Act, Chapter II of Part B of these Articles (Articles 57 to 80) are hereby entrenched and shall not be amended without the prior written consent of CDC.



## SECTION IX: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

*The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus), which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for filing. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all Working Days and would be available on the website of the Company at <https://www.rainbowhospitals.in> from the date of the Red Herring Prospectus until the Bid/Offer Closing Date, except for such contracts and documents that will be executed subsequent to the completion of the Bid/Offer Closing Date.*

*Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.*

#### **A. Material Contracts for the Offer**

1. Registrar Agreement dated December 24, 2021, entered amongst our Company, the Selling Shareholders and the Registrar to the Offer.
2. Offer Agreement dated December 24, 2021, entered amongst our Company, the Selling Shareholders and the BRLMs.
3. Cash escrow and sponsor bank agreement dated [●] entered amongst our Company, the Selling Shareholders, the Registrar to the Offer, the Lead Managers, Syndicate Members and the Banker(s) to the Offer.
4. Share escrow agreement dated [●] entered amongst the Selling Shareholders, our Company and the Share Escrow Agent.
5. Syndicate agreement dated [●] entered amongst our Company, the Selling Shareholders, the Lead Managers, Registrar to the Offer and the Syndicate Members.
6. Underwriting agreement dated [●] entered amongst our Company, the Selling Shareholders, and the Underwriters.
7. Monitoring Agency Agreement dated [●] between our Company and the Monitoring Agency.

#### **B. Material Documents**

1. Certified copies of the Memorandum of Association and Articles of Association as amended from time to time.
2. Certificate of incorporation dated August 7, 1998.
3. Fresh certificate of incorporation consequent upon conversion to public limited company dated November 20, 2021.
4. Resolution of the Board of Directors dated December 9, 2021 authorizing the Offer and other related matters.
5. Resolution of the Shareholders dated December 13, 2021 in relation to the Fresh Issue and other related matters.

6. Resolution of the Board of Directors of our Company dated December 24, 2021, approving this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges.
7. Consent letters each dated December 23, 2021 from the Selling Shareholders in relation to the Offer for Sale.
8. Resolution of the investment committee of CDC Group dated September 15, 2021 (as varied by written communication dated December 15, 2021), consenting to participate in the Offer for Sale.
9. Resolution of the board of directors of CDC India dated November 9, 2021, consenting to participate in the Offer for Sale.
10. Consent dated December 23, 2021 from CRISIL Limited to rely on and reproduce part or whole of the CRISIL Report and include their name in this Draft Red Herring Prospectus.
11. Written consent dated December 24, 2021 from B S R & Associates LLP, Chartered Accountants to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this DRHP, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated December 23, 2021 on our Restated Financial Statements; and (ii) their report dated December 24, 2021 on the Statement of Special Tax Benefits in this DRHP and such consent has not been withdrawn as on the date of this DRHP. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.
12. Written consent dated December 24, 2021 from Madhu Mantri and Associates, Chartered Accountants, to include its name as an independent chartered accountant under Section 26 of the Companies Act and as an “expert” as defined under Section 2(38) of the Companies Act.
13. Investment Agreement dated August 2, 2013, executed between the Company, Mr. Ramesh Kancharla, Ms. Padma Kancharla and Mr. Dinesh Kumar Chirla and CDC Group.
14. Share Purchase Agreement dated March 24, 2016, between Dr. Ramesh Kancharla, CDC India, CDC Group and our Company.
15. Deed of Adherence dated August 24, 2018 entered into between our Company, Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla, Padma Kancharla, CDC Group, CDC India and Dr. Adarsh Kancharla.
16. Amended and Restated Shareholders Agreement dated December 24, 2015, and subsequently, amended on March 29, 2016 by and amongst our Company, Dr. Ramesh Kancharla, Dr. Dinesh Kumar Chirla, Dr. Adarsh Kancharla, Padma Kancharla, CDC Group and CDC India, as amended by way of an amendment agreement dated December 24, 2021.
17. Copies of annual reports of our Company for the FY 2021, FY 2020 and FY 2019.
18. Consents of each of the Directors, the BRLMs, the Syndicate Members, the Legal Counsel to our Company, Legal Counsel to the Promoter Selling Shareholders, as to Indian Law, Legal Counsel to the Investor Selling Shareholders as to Indian law, the Legal Counsel to the BRLMs as to Indian Law, the International Legal Counsel to the BRLMs, Registrar to the Offer, Banker(s) to the Offer, Bankers to our Company, Company Secretary and Compliance Officer, as referred to in their specific capacities.
19. Tripartite agreement dated January 31, 2013, among our Company, NSDL and the Registrar to the Offer.
20. Tripartite agreement dated October 1, 2021, among our Company, CDSL and the Registrar to the Offer.
21. Employment Agreements each dated December 1, 2021 between our Company and Dr. Ramesh Kancharla and Dr. Dinesh Kumar Chirla, respectively.
22. Report titled *“Assessment of maternity and paediatric healthcare delivery sectors in India”* dated November, 2021 issued by CRISIL Limited which is available on the website of our Company at <https://www.rainbowhospitals.in>.
23. Due diligence certificate dated December 24, 2021 addressed to SEBI from the BRLMs.
24. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.

25. SEBI observation letter bearing reference number [●] and dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

**Signed by the Director of our Company**

Sd/-

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**Dr. Ramesh Kancharla**

*Chairman and Managing Director*

**Place:** Hyderabad

**Date:** December 24, 2021

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

**Signed by the Director of our Company**

Sd/-

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**Dr. Dinesh Kumar Chirla**

*Whole-time Director*

**Place:** Hyderabad

**Date:** December 24, 2021

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

**Signed by the Director of our Company**

Sd/-

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**Aluri Srinivasa Rao**

*Independent Director*

**Place:** Hyderabad

**Date:** December 24, 2021

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

**Signed by the Director of our Company**

Sd/-

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**Dr. Anil Dhawan**

*Independent Director*

**Place:** London

**Date:** December 24, 2021

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

**Signed by the Director of our Company**

Sd/-

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**Sundari Raviprasad Pisupati**

*Independent Director*

**Place:** Hyderabad

**Date:** December 24, 2021



## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

**Signed by the Director of our Company**

Sd/-

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**Santanu Mukherjee**

*Independent Director*

**Place:** Hyderabad

**Date:** December 24, 2021

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act 2013, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

**Signed by the Chief Financial Officer of our Company**

Sd/-

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**R. Gowrisankar**

*Chief Financial Officer*

**Place:** Hyderabad

**Date:** December 24, 2021

## **DECLARATION**

We, CDC Group plc, acting as a Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

**Signed for and on behalf of CDC Group plc**

Sd/-

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Authorised Signatory: Samir Abhyankar

Designation: Managing Director of Direct Private Equity

Place: London

Date: December 24, 2021

## **DECLARATION**

We, CDC India Opportunities Limited, acting as a Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

**Signed for and on behalf of CDC India Opportunities Limited**

Sd/-

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Authorised Signatory: Samir Abhyankar

Designation: Managing Director of Direct Private Equity

Place: London

Date: December 24, 2021

## **DECLARATION**

I, Padma Kancharla, acting as a Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility as a Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

**Signed by the Selling Shareholder**

Sd/-

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**Padma Kancharla**

**Place:** Hyderabad

**Date:** December 24, 2021

## **DECLARATION**

I, Dr. Ramesh Kancharla, acting as a Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility as a Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

**Signed by the Selling Shareholder**

Sd/-

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**Dr. Ramesh Kancharla**

**Place:** Hyderabad

**Date:** December 24, 2021

## **DECLARATION**

I, Dr. Dinesh Kumar Chirla, acting as a Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility as a Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

**Signed by the Selling Shareholder**

Sd/-

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**Dr. Dinesh Kumar Chirla**

**Place:** Hyderabad

**Date:** December 24, 2021

## **DECLARATION**

I, Dr. Adarsh Kancharla, acting as a Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility as a Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

**Signed by the Selling Shareholder**

Sd/-

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**Dr. Adarsh Kancharla**

**Place:** Hyderabad

**Date:** December 24, 2021



## ANNEXURE A

| S. No.                               | Name of the Selling Shareholder | Offered Shares                  | Date of Selling Shareholder's consent letter | Date of corporate authorization/board resolution |
|--------------------------------------|---------------------------------|---------------------------------|----------------------------------------------|--------------------------------------------------|
| <b>Promoter Selling Shareholders</b> |                                 |                                 |                                              |                                                  |
| 1.                                   | Dr. Ramesh Kancharla            | Up to 5,354,630 Equity Shares   | December 23, 2021                            | N.A                                              |
| 2.                                   | Dr. Dinesh Kumar Chirla         | Up to 1,926,690 Equity Shares   | December 23, 2021                            | N.A                                              |
| 3.                                   | Dr. Adarsh Kancharla            | Up to 1,445,020 Equity Shares   | December 23, 2021                            | N.A                                              |
| <b>Investor Selling Shareholders</b> |                                 |                                 |                                              |                                                  |
| 4.                                   | CDC Group                       | Up to 9,632,876 Equity Shares*  | December 23, 2021                            | September 15, 2021 <sup>^</sup>                  |
| 5.                                   | CDC India                       | Up to 5,033,236 Equity Shares** | December 23, 2021                            | November 9, 2021                                 |
| <b>Other Selling Shareholder</b>     |                                 |                                 |                                              |                                                  |
| 6.                                   | Padma Kancharla                 | Up to 608,448 Equity Shares     | December 23, 2021                            | N.A                                              |

\* Includes 1,146,771 CCPS to be converted into equity shares prior to filing of the RHP.

\*\* Includes 1,133,309 CCPS to be converted into equity shares prior to filing of the RHP.

<sup>^</sup> As varied by written communication dated December 15, 2021.