



**VIJAYA  
DIAGNOSTIC  
CENTRE**

## VIJAYA DIAGNOSTIC CENTRE LIMITED

Our Company was incorporated as Vijaya Diagnostic Centre Private Limited on June 5, 2002 with a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. Subsequently, our Company was converted from a private limited company to a public limited company, pursuant to a special resolution passed by our Shareholders at the EGM held on March 22, 2021 and the name of our Company was changed to Vijaya Diagnostic Centre Limited on March 26, 2021, and a fresh certificate of incorporation consequent on change of name was granted by the Registrar of Companies, Telangana at Hyderabad. For further details, see “History and Certain Corporate Matters” on page 130.

**Registered Office:** 3-6-16 & 17, Street No. 19, Himayathnagar, Hyderabad, 500 029, Telangana, India; **Tel:** +91 40 2342 0411  
**Corporate Office:** # 6-3-883/F, Ground Floor of Family Planning Association of India, Panjagutta, Hyderabad-500 082, India.  
**Website:** www.vijayadiagnostic.com; **Contact Person:** V. Sri Lakshmi, Company Secretary and Compliance Officer; **E-mail:** ir@vijayadiagnostic.in  
**Corporate Identity Number:** U85195TG2002PLC039075

### OUR PROMOTER: DR. S. SURENDRANATH REDDY

**INITIAL PUBLIC OFFER OF EQUITY SHARES OF FACE VALUE OF ₹1 EACH (“EQUITY SHARES”) OF VIJAYA DIAGNOSTIC CENTRE LIMITED (“COMPANY” OR “ISSUER”) FOR CASH AT A PRICE OF ₹[•] PER EQUITY SHARE (“OFFER PRICE”), THROUGH AN OFFER FOR SALE OF UP TO 35,688,064 EQUITY SHARES AGGREGATING UP TO ₹[•] MILLION (“OFFER”) BY THE SELLING SHAREHOLDERS, COMPRISING OF UP TO 5,098,296 EQUITY SHARES AGGREGATING UP TO ₹[•] MILLION BY DR. S. SURENDRANATH REDDY (“PROMOTER SELLING SHAREHOLDER”), UP TO 29,487,290 EQUITY SHARES AGGREGATING UP TO ₹[•] MILLION BY KARAKORAM LIMITED AND OF UP TO 1,102,478 EQUITY SHARES AGGREGATING UP TO ₹[•] MILLION BY KEDAARA CAPITAL ALTERNATIVE INVESTMENT FUND – KEDAARA CAPITAL AIF 1 (“KARAKORAM LIMITED TOGETHER WITH KEDAARA CAPITAL ALTERNATIVE INVESTMENT FUND – KEDAARA CAPITAL AIF 1 REFERRED TO AS “INVESTOR SELLING SHAREHOLDERS”) (INVESTOR SELLING SHAREHOLDERS TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER REFERRED TO AS THE “SELLING SHAREHOLDERS”). THIS OFFER INCLUDES A RESERVATION OF UP TO 150,000 EQUITY SHARES AGGREGATING UP TO ₹[•] MILLION (CONSTITUTING UP TO 0.15% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL) FOR PURCHASE 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 AT LEAST 35.00% AND 34.85%, RESPECTIVELY, OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL. OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS, MAY OFFER A DISCOUNT OF UP TO 10% (EQUIVALENT TO ₹[•] PER EQUITY SHARE) TO THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION (“EMPLOYEE DISCOUNT”). THE PRICE BAND, THE MINIMUM BID LOT AND THE AMOUNT OF THE EMPLOYEE DISCOUNT, WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN ALL EDITIONS OF FINANCIAL EXPRESS, AN ENGLISH NATIONAL DAILY NEWSPAPER, ALL EDITIONS OF JANSATTA, A HINDI NATIONAL DAILY NEWSPAPER, AND HYDERABAD EDITION OF SURYA TELUGU DAILY, A TELUGU 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 BSE LIMITED (“BSE”) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED (“NSE”), AND TOGETHER WITH BSE, THE “STOCK EXCHANGES”) FOR THE PURPOSE OF UPLOADING ON ITS WEBSITE IN ACCORDANCE WITH THE 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 in 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, strike or similar circumstances, our Company may, 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 respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to 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 Securities Contracts (Regulation) Rules, 1957, as amended (“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”) (the “QIB Portion”), provided that our Company and the Selling Shareholders in consultation with the BRLMs may 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 the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 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 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 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion 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 RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount (“ASBA”) process providing details of their respective bank account (including UPI ID for RIBs using UPI Mechanism), in which the corresponding Bid Amounts will be blocked by the SCSBs or the Sponsor Bank, as applicable. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see “Offer Procedure” on page 271.

### RISKS IN RELATION TO THE FIRST OFFER

This being the first public offer of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹1. The Floor Price, Cap Price and Offer Price as determined and justified by our Company and the Selling Shareholders in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations, as stated under “Basis for Offer Price” on page 71 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 and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISK

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 Red Herring Prospectus. Specific attention of the prospective investors is invited to “Risk Factors” on page 21.

### ISSUER'S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this 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 Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this 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. Each of the Selling Shareholders, severally and not jointly, accept responsibility for and confirm that the statements specifically made or confirmed by such Selling Shareholder in this Red Herring Prospectus to the extent of information specifically pertaining to itself and its portion of the Offered Shares in the Offer for Sale and assume responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, assume no responsibility for any other statement, including, *inter alia*, any of the statements made by or relating to our Company or its business or any other Selling Shareholders.

### LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received ‘in-principle’ approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated July 5, 2021 and June 30, 2021, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be NSE. A signed copy of this Red Herring Prospectus and the Prospectus shall be delivered for filing with the RoC in accordance with Section 26(4) of the Companies Act. For details of the material contracts and documents available for inspection from the date of this Red Herring Prospectus up to the Bid/ Offer Closing Date, see “Material Contracts and Documents for Inspection” on page 290..

### BOOK RUNNING LEAD MANAGERS

### REGISTRAR TO THE OFFER

|  |  |  |   |
|--|--|--|---|
|   |   |    |    |
| <b>ICICI Securities Limited</b><br>ICICI Centre, H. T. Parekh Marg<br>Churchgate, Mumbai 400 020<br>Maharashtra, India<br>Tel: +91 22 2288 2460<br>E-mail: vijaya ipo@icicisecurities.com<br>Investor grievance e-mail:<br>customer care@icicisecurities.com<br>Website: www.icicisecurities.com<br>Contact Person: Sameer Purohit/ Nidhi Wangnoo<br>SEBI Registration No.: INM000011179 | <b>Edelweiss Financial Services Limited</b><br>6 <sup>th</sup> Floor, Edelweiss House<br>Off C.S.T.Road, Kalina<br>Mumbai 400 098<br>Maharashtra, India<br>Tel: +91 22 4009 4400<br>E-mail: vijayadiagnostic ipo@edelweissfin.com<br>Website: www.edelweissfin.com<br>Investor Grievance email:<br>customerservice.mb@edelweissfin.com<br>Contact person: Lokesh Shah/Nilesh Roy<br>SEBI Registration No.: INM0000010650 | <b>Kotak Mahindra Capital Company Limited</b><br>1 <sup>st</sup> Floor, 27 BKC, Plot No. 27<br>G Block, Bandra Kurla Complex<br>Bandra (East), Mumbai 400 051<br>Maharashtra, India<br>Tel: +91 22 4336 0000<br>E-mail: vijayadiagnostic ipo@kotak.com<br>Investor grievance e-mail:<br>kmccredressal@kotak.com<br>Website: https://investmentbank.kotak.com<br>Contact Person: Ganesh Rane<br>SEBI Registration No.: INM000008704 | <b>KFin Technologies Private Limited</b><br>Selenium, Tower B, Plot No- 31 and 32,<br>Financial District, Nanakramguda,<br>Serilingampally, Hyderabad, Rangareddy 500<br>032, Telangana, India<br>Tel: +91 40 6716 2222/ 1800 309 4001<br>E-mail: vijaya ipo@kfintech.com<br>Investor grievance e-mail:<br>einward.ris@kfintech.com<br>Website: www.kfintech.com<br>Contact Person: M Murali Krishna<br>SEBI Registration No.: INR000000221 |

### BID/ OFFER SCHEDULE

|                            |  |                             |                          |
|----------------------------|--|-----------------------------|--------------------------|
| <b>BID/ OFFER OPENS ON</b> | <b>SEPTEMBER 1, 2021<sup>(1)</sup></b> | <b>BID/ OFFER CLOSES ON</b> | <b>SEPTEMBER 3, 2021</b> |
|----------------------------|--|-----------------------------|--------------------------|

<sup>(1)</sup> Our Company and the Selling Shareholders in consultation with the BRLMs, may 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

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented or re-enacted from time to time, 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 Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, the terms used in “Industry Overview”, “Key Regulations and Policies”, “Statement of Special Tax Benefits”, “Financial Statements”, “Basis for Offer Price”, “Outstanding Litigation and Material Developments” and “Description of Equity Shares and Terms of Articles of Association” on pages 79, 126, 74, 161, 71, 244 and 286, respectively shall have the meaning ascribed to them in the relevant section.*

#### General Terms

| Term  | Description  |
|---|--|
| “our Company”, “the Company”, or “the Issuer” | Vijaya Diagnostic Centre Limited, a company incorporated under the Companies Act, 1956 having its Registered Office at 3-6-16 & 17, Street No. 19, Himayatnagar, Hyderabad, Telangana, India |
| “we”, “us” or “our”                           | Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries, as applicable, as at and during the relevant period/ Financial Year                           |

#### Company and Selling Shareholders Related Terms

| Term  | Description  |
|---|--|
| Articles of Association or AoA                              | Articles of association of our Company, as amended   |
| Audit Committee   | Audit committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, the Listing Regulations, and as described in “Our Management – Audit Committee” on page 143   |
| Auditors or Statutory Auditors                              | Current statutory auditors of our Company, namely, B S R & Associates LLP  |
| “Board” or “Board of Directors”                             | Board of directors of our Company, as constituted from time to time, including a duly constituted committee thereof  |
| CCPS  | Compulsory Convertible Preference Shares   |
| CEO   | Chief Executive Officer of our Company, being Sura Suprita Reddy. For details, see “Our Management – Key Managerial Personnel” on page 151   |
| CFO or Chief Financial Officer                              | Chief Financial Officer of our Company, being Narasimha Raju K.A. For details, see “Our Management – Key Managerial Personnel” on page 151   |
| Company Secretary and Compliance Officer                    | Company Secretary and Compliance Officer of our Company, being V. Sri Lakshmi. For details, see “Our Management – Key Managerial Personnel” on page 152  |
| Corporate Social Responsibility Committee                   | Corporate social responsibility committee of our Company constituted in accordance with the applicable provisions of the Companies Act and as described in “Our Management – Corporate Social Responsibility Committee” on page 146  |
| Corporate Office  | # 6-3-883/F, Ground Floor of Family Planning Association of India, Panjagutta, Hyderabad-500 082, India  |
| CRISIL Report   | Report titled “Assessment of the diagnostic industry in India” issued in May, 2021 read with the addendum to the report dated August 2021, issued by CRISIL Limited which has been commissioned by our Company   |
| Director(s)   | The directors on our Board, as appointed from time to time   |
| ESOP Plan 2018  | VDCL Employee Stock Option Plan 2018   |
| ESOP Schemes 2018   | VDCL Employee Stock Option 2018 – Scheme 1, VDCL Employee Stock Option 2018 – Scheme 2, VDCL Employee Stock Option 2018 – Scheme 3, VDCL Employee Stock Option 2018 – Scheme 4, VDCL Employee Stock Option 2018 – Scheme 5 and VDCL Employee Stock Option 2018 – Scheme 6  |
| Equity Shares   | Equity shares of our Company of face value of ₹1 each  |
| Executive Director  | An executive director of our Company   |
| Group Companies   | Our group companies, namely Park Health Systems Private Limited and Vijaya Hospitals Private Limited, as disclosed in “Our Group Companies” on page 156  |
| Non Executive, Independent Director or Independent Director | Non-executive independent directors on our Board, appointed as per the Companies Act and the Listing Regulations, and as described in “Our Management” on page 138   |
| Investor Selling Shareholders                               | Karakoram Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1  |
| Investment Agreement  | Investment Agreement dated November 23, 2016 amongst our Company, Dr. S. Surendranath Reddy, K. Sunil Chandra, S. Suprita Reddy, S. Geetha Reddy, B Vishnu Priya, Karakoram Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 as amended by waiver cum amendment agreement dated May 27, 2021. |
| IPO Committee   | The IPO committee of our Company as described in “Our Management – IPO Committee” on page 146  |
| Key Managerial Personnel or KMP                             | Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as described in “Our Management” on page 151  |
| MDSL  | Medinova Diagnostic Services Limited   |

| Term                                  | Description  |
|---------------------------------------|--|
| MDSL SPA                              | Share purchase agreement dated March 27, 2014 amongst M/s. Standard Medical and Pharmaceuticals Limited, our Company, and MDSL   |
| Major Shareholders                    | Dr. S. Surendranath Reddy, Sunil Chandra Kondapally, Sura Suprita Reddy, S. Geeta Reddy, B Vishnu Priya  |
| Managing Director or MD               | A Director of our Company, as identified under Section 2(54) of the Companies Act  |
| Materiality Policy                    | The policy on materiality adopted by our Board with regard to the following: <ol style="list-style-type: none"> <li>disclosures relating to litigations to be made in this Red Herring Prospectus by way of a resolution dated May 27, 2021;</li> <li>identification of our Group Companies by way of a resolution dated August 16, 2021; and</li> <li>disclosures relating to outstanding material dues to creditors of our Company by way of a resolution dated August 16, 2021</li> </ol>   |
| Memorandum of Association or MoA      | Memorandum of association of our Company, as amended   |
| Nomination and Remuneration Committee | Nomination and remuneration committee of our Company, constituted in accordance with the applicable provisions of the Companies Act and the Listing Regulations, as described in “ <i>Our Management – Nomination and Remuneration Committee</i> ” on page 144   |
| Non-executive Director                | A director on our Board, as appointed from time to time, other than the Executive Directors and the Managing Director  |
| Promoter                              | Promoter of our Company, namely, Dr. S. Surendranath Reddy. For details, see “ <i>Our Promoter and Promoter Group</i> ” on page 154  |
| Promoter Group                        | Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in “ <i>Our Promoter and Promoter Group – Promoter Group</i> ” on page 155  |
| Promoter Selling Shareholder          | Dr. S. Surendranath Reddy  |
| Registered Office                     | 3-6-16 & 17, Street No. 19, Himayatnagar, Hyderabad, Telangana, India  |
| Registrar of Companies or RoC         | Registrar of Companies, Telangana at Hyderabad   |
| Restated Financial Information        | The restated consolidated financial information of the Company and the Subsidiaries, comprise of the restated consolidated balance sheet as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020, March 31, 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 periods/ years ended June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020, and March 31, 2019, and the significant accounting policies and restated consolidated other financial information |
| Selling Shareholders                  | Promoter Selling Shareholder and Investor Selling Shareholders   |
| Shareholders                          | Shareholders of our Company from time to time  |
| Stakeholders’ Relationship Committee  | Stakeholders’ relationship committee of our Company, constituted in accordance with the applicable provisions of the Companies Act and the Listing Regulations and as described in “ <i>Our Management – Stakeholders’ Relationship Committee</i> ” on page 145  |
| Subsidiary(ies)                       | Subsidiaries of our Company, as of the date of this Red Herring Prospectus and as identified under the provisions of the Companies Act, namely: <ol style="list-style-type: none"> <li>Doctorslab Medical Services Private Limited;</li> <li>Medinova Diagnostic Services Limited;</li> <li>Medinova Millennium MRI Services, LLP (step-down subsidiary);</li> <li>Namrata Diagnostic Centre Private Limited (step-down subsidiary); and</li> <li>VDC Diagnostic (Karnataka) LLP</li> </ol>  |

## 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 a 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, transfer of the Equity Shares pursuant to the Offer to successful Bidders   |
| Allotment Advice                  | Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved 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 this Red Herring Prospectus and who has Bid for an amount of at least ₹100 million. For further details, see “ <i>Offer Procedure</i> ” on page 271 |
| Anchor Investor Allocation Price  | Price at which Equity Shares will be allocated to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs during the Anchor Investor Bid/ Offer Period                                   |
| Anchor Investor Application Form  | Form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of this Red Herring Prospectus and Prospectus   |
| Anchor Investor Bid/ Offer Period | The day being one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed   |

| Term  | Description  |
|---|--|
| Anchor Investor Offer Price                     | Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of this 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<br><br>The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs  |
| Anchor Investor Portion                         | Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders in consultation with the BRLMs, to Anchor Investors on a discretionary basis<br><br>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 accordance with the SEBI ICDR Regulations   |
| Application Supported by Blocked Amount or ASBA | Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorizing 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   |
| ASBA Account                                    | 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 and includes the account of an RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism  |
| ASBA Bid  | A Bid made by an ASBA Bidder   |
| ASBA Bidder(s)                                  | All Bidders except Anchor Investors  |
| ASBA Form                                       | Application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus  |
| Bankers to the Offer                            | Collectively, the Escrow Collection Bank, the Public Offer Bank, the Sponsor Bank and the Refund Bank, as the case may be  |
| Basis of Allotment                              | Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in “Offer Procedure” on page 271  |
| Bid   | 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 Bid/ Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe 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 this Red Herring Prospectus and the Bid cum Application Form. The term “Bidding” shall be construed accordingly   |
| 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 Retail Individual Bidders Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid.<br><br>Eligible Employees applying in the Employee Reservation Portion can apply at the Cut off Price and the Bid Amount shall be Cap Price net of Employee Discount, 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). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount) 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), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount) in value |
| 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 any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in all editions of Financial Express, an English national daily newspaper and all editions of Jansatta, a Hindi national daily newspaper and Hyderabad edition of Surya Telugu Daily, a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation, and in case of any such extension, the extended Bid/ Offer Closing Date shall also be notified on the website and terminals of the Members of the Syndicate and communicated to the Designated Intermediaries and the Sponsor Bank, as required under the SEBI ICDR Regulations.<br><br>In case of any revision, the extended Bid/ Offer Closing Date shall be widely disseminated by notification to the Stock Exchanges, and also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members, which shall also be notified in an advertisement in same newspapers in which the Bid/ Offer Opening Date was published, as required under the SEBI ICDR Regulations.   |
| Bid/ Offer Opening Date                         | Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of Financial Express, an English national daily newspaper and all editions of Jansatta, a Hindi national daily newspaper and Hyderabad edition of Surya Telugu Daily, a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation  |

| <b>Term</b>                              | <b>Description</b>   |
|--|--|
| Bid/ Offer Period                        | 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 thereof, 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   |
| Bidder                                   | Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor   |
| Bidding Centres                          | Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated SCSB Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs  |
| Book Building Process                    | Book building process, as provided 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, I-Sec, Edelweiss and Kotak  |
| Broker Centres                           | Centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker<br><br>The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)  |
| CAN or Confirmation of Allocation Note   | Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bid/ Offer Period   |
| Cap Price                                | Higher end of the Price Band, 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 dated August 19, 2021 entered into amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Member, the Sponsor Bank, the Escrow Collection Bank, the Public Offer Bank and the Refund Bank in respect of collection of the Bid Amounts and where applicable, remitting refunds (if any) on the terms and conditions thereof and the appointment of Sponsor Bank in accordance with the UPI Circulars   |
| Client ID                                | Client identification number maintained with one of the Depositories in relation to demat account  |
| 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 at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of the Stock Exchanges  |
| Cut-off Price                            | Offer Price, finalised by our Company and the Selling Shareholders in consultation with the BRLMs, which shall be any price within the Price Band<br><br>Only Retail Individual Bidders Bidding in the Retail Portion and Eligible Employees under the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price  |
| Demographic Details                      | The demographic details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable  |
| Designated SCSB Branches                 | Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of 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> or at such other website as may be prescribed by SEBI from time to time  |
| Designated CDP Locations                 | Such locations of the CDPs where Bidders can submit the ASBA Forms<br><br>The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time   |
| Designated Date                          | The date on which the Escrow Collection Bank transfers funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIBs using UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, after finalisation of the Basis of Allotment in terms of this Red Herring Prospectus following which Equity Shares will be Allotted in the Offer  |
| Designated Intermediary(ies)             | In relation to ASBA Forms submitted by RIBs by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs<br><br>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 and RTAs<br><br>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 |
| Designated RTA Locations                 | Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)   |
| Designated Stock Exchange                | NSE  |

| Term                                 | Description   |
|--------------------------------------|---|
| Draft Red Herring Prospectus or DRHP | The draft red herring prospectus dated June 5, 2021 issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer  |
| Edelweiss                            | Edelweiss Financial Services Limited  |
| Employee Discount                    | Discount of up to 10% (equivalent to ₹[●] per Equity Share) to the Offer Price given to Eligible Employees bidding in the Employee Reservation Portion as may be decided by our Company and the Selling Shareholders in consultation with the BRLMs   |
| Eligible Employees                   | <p>Permanent employees, working in India, of our Company or of our Subsidiaries or a Director of our Company, whether whole-time or not, as on the date of the filing of this Red Herring Prospectus with the RoC, but not including (i) Promoter; (ii) persons belonging to the Promoter Group; or (iii) 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). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post 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), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount)</p> |
| 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 this Red Herring Prospectus constitute an invitation to subscribe to the Equity Shares   |
| Eligible NRI(s)                      | NRI(s) from jurisdictions outside India where it is not unlawful to make an Offer or invitation under the Offer and in relation to whom the ASBA Form and this Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares  |
| Employee Reservation Portion         | The portion of the Offer being up to 150,000 Equity Shares aggregating to ₹[●] million which shall not exceed 5% of the post Offer Equity Share capital of our Company, available for allocation to Eligible Employees, on a proportionate basis.   |
| Escrow Account                       | Non lien and non-interest bearing accounts to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid   |
| Escrow Collection Bank               | Bank which is a clearing member and registered with SEBI as banker to an offer, under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, and with whom the Escrow Account in relation to the Offer for Bids by Anchor Investors, will be opened, in this case being HDFC Bank Limited  |
| First or sole Bidder                 | 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                          | Lower end of the Price Band, subject to any revision(s) thereto not being less than the face value of Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted   |
| General Information Document         | The General Information Document for investing in public issues prepared and issued 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  |
| I-Sec                                | ICICI Securities Limited  |
| Kotak                                | Kotak Mahindra Capital Company Limited  |
| Maximum RIB Allottees                | Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price   |
| Mutual Fund Portion                  | 5% of the Net QIB Portion, or 355,381 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 Offer less Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see “ <i>Objects of the Offer</i> ” on page 69   |
| Net QIB Portion                      | The QIB Portion less the number of Equity Shares allocated to the Anchor Investors  |
| Non-Institutional Bidders            | 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)   |
| Non-Institutional Portion            | Portion of the Net Offer being not less than 15% of the Net Offer consisting of 5,330,710 Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price   |
| Non-Resident                         | Person resident outside India, as defined under FEMA and includes NRIs, FVCIs, VCFs, and FPIs   |
| Offer                                | The initial public offer of up to 35,688,064 Equity Shares of face value of ₹1 each for cash at a price of ₹[●] per Equity Shares aggregating up to ₹[●] million through an Offer for Sale by the Selling Shareholders.   |
| Offer Agreement                      | Agreement dated June 5, 2021 amongst our Company, the Selling Shareholders and the Book Running Lead Managers, pursuant to which certain arrangements have been agreed to in relation to the Offer  |
| Offer for Sale                       | The offer for sale of the Offered Shares, at the Offer Price aggregating up to ₹[●] million offered for sale by the Selling Shareholders in the Offer   |
| Offer Price                          | The final price (within the Price Band) at which Equity Shares will be Allotted to ASBA Bidders in terms of this Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor  |



| Term  | Description   |
|---|---|
|   | <p>Investors at the Anchor Investor Offer Price which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs in terms of this Red Herring Prospectus and the Prospectus.</p> <p>The Offer Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs on the Pricing Date in accordance with the Book-building Process and this Red Herring Prospectus.</p>  |
| Offered Shares  | Up to 35,688,064 Equity Shares offered for sale, comprising of up to 5,098,296 Equity Shares by Dr. S. Surendranath Reddy, up to 29,487,290 Equity Shares by Karakoram Limited and up to 1,102,478 Equity Shares by Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1   |
| 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) including any revisions thereof</p> <p>The Price Band and Employee Discount, if any, the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in all editions of Financial Express, an English national daily newspaper and all editions of Jansatta, a Hindi national daily newspaper and Hyderabad edition of Surya Telugu Daily, a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites</p> |
| Pricing Date  | Date on which our Company and the Selling Shareholders in consultation with the BRLMs, will finalise the Offer Price  |
| Prospectus  | Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto  |
| Public Offer Account                                  | No lien and non-interest bearing account to be opened with the Public Offer Bank, under Section 40(3) of the Companies Act to receive monies from the Escrow Account and ASBA Accounts on the Designated Date   |
| Public Offer Bank                                     | A bank which is a clearing member and registered with SEBI as a banker to an offer and with which the Public Offer Account will be opened, in this case being HDFC Bank Limited   |
| QIB Portion   | The portion of the Net Offer (including the Anchor Investor Portion) being not more than 50% of the Net Offer consisting of 17,769,031 Equity Shares which shall be available for allocation to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors)   |
| Qualified Institutional Buyers or QIBs or QIB Bidders | Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations  |
| Red Herring Prospectus or RHP                         | This Red Herring Prospectus dated August 24, 2021 issued in accordance with Section 32 of the Companies Act and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. This 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)                                     | No lien and non-interest bearing account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made  |
| Refund Bank   | Banker to the Offer and with whom the Refund Account will be opened, in this case being HDFC Bank Limited   |
| Registered Brokers                                    | Stock brokers registered with SEBI and the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of the SEBI circular number CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI  |
| Registrar Agreement                                   | Agreement dated June 4, 2021 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 list available on the websites of the Stock Exchanges, and the UPI Circulars   |
| Registrar to the Offer                                | KFin Technologies Private Limited   |
| Retail Individual Bidder(s) or RIB(s)                 | Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their <i>karta</i> and Eligible NRIs)   |
| Retail Portion  | Portion of the Net Offer being not less than 35% of the Net Offer consisting of 12,438,323 Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price)  |
| Revision Form   | <p>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)</p> <p>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 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</p>  |
| Self-Certified Syndicate Bank(s) or SCSB(s)           | The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of  |

| Term                                  | Description   |
|---------------------------------------|---|
|                                       | SEBI at <a href="https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> or such other website as updated 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 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> . The said list shall be updated on the SEBI website |
| Share Escrow Agent                    | Escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, KFin Technologies Private Limited  |
| Share Escrow Agreement                | Agreement dated August 19, 2021 entered into amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees  |
| Specified Locations                   | Bidding Centres where the Syndicate shall accept ASBA Forms from 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  |
| Sponsor Bank                          | HDFC Bank Limited, being a Banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars   |
| Syndicate or Members of the Syndicate | Together, the BRLMs and the Syndicate Members   |
| Syndicate Agreement                   | Agreement dated August 23, 2021 entered into amongst our Company, the Selling Shareholders, the Syndicate Members and the Registrar to the Offer, in relation to collection of Bids by the Syndicate  |
| Syndicate Members                     | Intermediaries (other than the BRLMs) registered with SEBI who are permitted to accept bids, applications and place order with respect to the Offer and carry out activities as an underwriter, namely, Kotak Securities Limited and Edelweiss Securities Limited   |
| Underwriters                          | ●   |
| Underwriting Agreement                | Agreement to be entered into amongst our Company, the Selling Shareholders and the Underwriters to be entered into on or after the Pricing Date but prior to filing of the Prospectus with the RoC  |
| UPI                                   | Unified payments interface which is an instant payment mechanism, developed by NPCI   |
| UPI Circulars                         | The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/47 dated March 31, 2021, SEBI circular 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   |
| UPI ID                                | ID created on the UPI for single-window mobile payment system developed by the NPCI   |
| UPI Mandate Request                   | A request (intimating the RIB by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment  |
| UPI Mechanism                         | The bidding mechanism that may be used by an RIB submitted with intermediaries with UPI as a mode of payment in accordance with the UPI Circulars to make an ASBA Bid in the Offer  |
| UPI PIN                               | Password to authenticate a UPI transaction  |
| Wilful Defaulter                      | An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(III) of the SEBI ICDR Regulations   |
| Working Day                           | All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/ Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of 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 the Stock Exchanges, excluding Sundays and bank holidays in India, as per circulars issued by SEBI, including the UPI Circulars   |

#### Technical/ Industry Related Terms/ Abbreviations

| Term         | Description   |
|--------------|---|
| AMC          | Annual Maintenance Contracts  |
| ARC          | The ARCs refer to our hub centres offering pathology tests, basic radiology tests and advanced radiology tests such as MRI, HRCT, SPECT and PET CT. |
| Bactec       | Automated blood culture systems   |
| CBCT         | Cone-beam Computed Tomography   |
| CHE          | Current Healthcare Expenditure  |
| CMC          | Comprehensive Maintenance Contracts   |
| CME Programs | Continuing Medical Education Programs   |
| COVID-19     | The novel Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus.   |
| CT Scan      | Computerized Tomography Scan  |

| Term         | Description   |
|--------------|---|
| DALYs        | Disability-Adjusted Life Years  |
| dd-PCR       | Droplet Digital–Polymerase Chain Reaction   |
| DEXA         | Dual-energy X-ray Absorptiometry  |
| DICOM        | Digital Imaging and Communications in Medicine  |
| ECG          | Electrocardiogram   |
| ERP          | Enterprise Resource Planning  |
| FISH         | Fluorescent In-situ Hybridisation   |
| HPLC         | High-Performance Liquid Chromatography  |
| HRCT         | High-Resolution Computed Tomography   |
| IMA          | Indian Medical Authority  |
| ISO          | International Organization for Standardization  |
| LIMS         | Laboratory Information Management Systems   |
| MALDI-TOF-MS | The MALDI-TOF mass spectrometry refers to the matrix-assisted laser desorption/ionization (MALDI) mass spectrometry (MS) ionization technique, with the mass spectrometer as the time-of-flight (TOF) analyser. |
| MGIT         | Mycobacterium Tuberculosis  |
| MRI          | Magnetic Resonance Imaging  |
| NABL         | National Accreditation Board for Testing and Calibration Laboratories   |
| NABH         | National Accreditation Board for Hospitals & Healthcare Providers   |
| NCD          | Non-communicable Disease  |
| NSDP         | Net State Domestic Product  |
| OOPE         | Out-of-Pocket Expenditure   |
| PACS         | Picture Archive and Communication Systems   |
| PET-CT Scan  | Positron Emission Tomography Computerized Tomography Scan   |
| Phlebotomist | A phlebotomist is a person trained to collect blood for transfusion, analysis or experimental testing   |
| RIS          | Radiology Information Systems   |
| RT-PCR       | Reverse Transcription–Polymerase Chain Reaction   |
| SAP          | Systems Applications and Products   |
| SPECT Scan   | Single Photon Emission Computed Tomography Scan   |
| TAT          | Turn-around Time  |
| TB           | Tuberculosis  |
| THE          | Total Health Expenditure  |
| USG          | Ultrasonography   |
| WHO          | World Health Organization   |

### Conventional and General Terms or Abbreviations

| Term                       | Description  |
|----------------------------|--|
| ₹, Rs., Rupees or INR      | Indian Rupees  |
| ACH                        | Automated Clearing House   |
| Adjusted EBITDA            | EBITDA minus other income  |
| AIFs                       | Alternative Investments Funds, as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012   |
| BSE                        | BSE Limited  |
| CAGR                       | Compounded Annual Growth Rate (CAGR) is a business and investing specific term for the geometric progression ratio that provides a constant rate of return over the time period calculated as $(\text{end value} / \text{start value})^{1 / \text{years}} - 1$ |
| CSR                        | Corporate Social Responsibility  |
| Calendar Year              | A calendar year is a one-year period that begins on January 1 and ends on December 31, based on the commonly-used Gregorian calendar   |
| Category I AIF             | AIFs who are registered as “Category I 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 AIF            | AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations   |
| Category II FPIs           | FPIs who are registered as “Category II Foreign Portfolio Investors” under the SEBI FPI Regulations  |
| Category III AIF           | AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations  |
| Copyright Act              | The Copyright Act, 1957  |
| CDSL                       | Central Depository Services (India) Limited  |
| CIN                        | Corporate Identity Number  |
| Civil Code                 | The Code of Civil Procedure, 1908  |
| Companies Act              | Companies Act, 2013, along with the relevant rules, clarifications and modifications made thereunder   |
| Companies Act, 1956        | Companies Act, 1956, along with the relevant rules made thereunder   |
| Companies Act, 2013        | Companies Act, 2013, along with the relevant rules made thereunder   |
| Depositories               | NSDL and CDSL  |
| Depositories Act           | The Depositories Act, 1996   |
| DIN                        | Director Identification Number   |
| DPIIT                      | 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> )  |
| DP ID                      | Depository Participant Identification  |
| DP/ Depository Participant | Depository participant as defined under the Depositories Act   |
| EBITDA                     | Earnings before interest, taxes, depreciation and amortisation   |

| Term                                    | Description   |
|---|---|
| EGM                                     | Extraordinary General Meeting   |
| EPFMP Act                               | Employees' Provident Funds and Miscellaneous Provisions Act, 1952   |
| ESI Act                                 | Employees State Insurance Act, 1948   |
| EPS                                     | Earnings Per Share  |
| FCNR                                    | Foreign Currency Non-Resident   |
| FDI                                     | Foreign direct investment   |
| FDI Policy                              | Consolidated Foreign Direct Investment Policy notified by the DPIIT through notification dated October 28, 2020 effective from October 15, 2020, issued by the DPIIT  |
| FEMA                                    | Foreign Exchange Management Act, 1999, read with rules and regulations thereunder   |
| FEMA Non-Debt Instruments Rules         | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 issued by the Ministry of Finance, GoI   |
| FIR                                     | First Information Report  |
| "Financial Year" or "Fiscal" "FY"       | Unless stated otherwise, the period of 12 months ending March 31 of that particular year  |
| FPI(s)                                  | Foreign portfolio investors as defined under the SEBI FPI Regulations   |
| FVCI(s)                                 | Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations   |
| GAAR                                    | General Anti Avoidance Rules  |
| Gazette                                 | Gazette of India  |
| GoI or Government or Central Government | Government of India   |
| GST                                     | Goods and Services Tax  |
| HUF                                     | Hindu Undivided Family(ies)   |
| ICAI                                    | The Institute of Chartered Accountants of India   |
| IFRS                                    | International Financial Reporting Standards   |
| IFSC                                    | Indian Financial System Code  |
| Ind AS or Indian Accounting Standards   | Indian Accounting Standards referred to in the Companies Act and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended  |
| India                                   | Republic of India   |
| IPO                                     | Initial public offering   |
| IRDAI                                   | Insurance Regulatory and Development Authority of India   |
| IST                                     | Indian Standard Time  |
| IT                                      | Information Technology  |
| IT Act                                  | The Income Tax Act, 1961  |
| ITGC                                    | Information technology general control  |
| Listing Regulations                     | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015  |
| MCA                                     | Ministry of Corporate Affairs, Government of India  |
| MoSPI                                   | Ministry of Statistics and Implementation, Government of India  |
| MSME                                    | Micro, small or medium enterprise   |
| Mutual Fund(s)                          | Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996  |
| N/A                                     | Not applicable  |
| NACH                                    | National Automated Clearing House   |
| NAV                                     | Net Asset Value   |
| NBFC                                    | Non-banking financial company   |
| NEFT                                    | National Electronic Funds Transfer  |
| National Investment Fund                | National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India   |
| NPCI                                    | National Payments Corporation of India  |
| NRI                                     | Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955   |
| NRE Account                             | Non-resident rupee account  |
| NRO Account                             | Non-resident ordinary account   |
| NSDL                                    | National Securities Depository Limited  |
| NSE                                     | National Stock Exchange of India Limited  |
| OCB/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 beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on the date of commencement of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003 i.e October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer |
| OPBDIT                                  | Operating Profit Before Depreciation, Interests and Taxes   |
| OSP                                     | Other Service Provider  |
| p.a.                                    | Per annum   |
| P/E                                     | Price/earnings  |
| P/E Ratio                               | Price/earnings ratio  |
| PAN                                     | Permanent account number  |
| PAT                                     | Profit after tax  |
| PPP                                     | Public-Private Partnership  |
| RBI                                     | The Reserve Bank of India   |

| Term   | Description   |
|--|---|
| RBI Act  | The Reserve Bank of India Act, 1934   |
| RoNW   | Return on Net Worth   |
| RTA  | Registrars to an Issue and Share Transfer Agents  |
| Regulation S   | Regulation S under the U.S. Securities Act  |
| RTGS   | Real Time Gross Settlement  |
| Rule 144A  | Rule 144A 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 AIF Regulations                                 | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012  |
| SEBI FPI Regulations                                 | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019  |
| SEBI FVCI Regulations                                | SEBI (Foreign Venture Capital Investors) Regulations 2000   |
| SEBI ICDR Regulations                                | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018   |
| SEBI Intermediaries Regulations                      | Securities and Exchange Board of India (Intermediaries) Regulations, 2008   |
| SEBI Merchant Banker Regulations                     | SEBI (Merchant Bankers) Regulations, 1992   |
| SEBI SBEB Regulations                                | Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021   |
| SEBI VCF Regulations                                 | The <i>erstwhile</i> Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations                           |
| State Government                                     | The government of a state in India  |
| Stock Exchanges                                      | BSE and NSE   |
| STT  | Securities transaction tax  |
| Systemically Important Non-Banking Financial Company | Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations   |
| Takeover Regulations                                 | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011  |
| TAN  | Tax deduction account number  |
| Trade Mark Act                                       | Trade Mark Act, 1999  |
| U.S. GAAP  | Generally Accepted Accounting Principles in the United States   |
| U.S. Securities Act                                  | U.S. Securities Act of 1933, as amended   |
| U.S., USA or United States                           | United States of America  |
| USD or US\$ or \$                                    | United States Dollars, the official currency of the United States   |
| VCFs   | Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations   |
| Wilful Defaulter                                     | An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(III) of the SEBI ICDR Regulations |

## OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Red Herring Prospectus, Red Herring Prospectus or 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 Red Herring Prospectus, including “Risk Factors”, “Objects of the Offer”, “Our Business”, “Industry Overview”, “Capital Structure”, “The Offer”, “Financial Statements”, “Outstanding Litigation and Material Developments”, “Offer Procedure” and “Description of Equity Shares and Terms of Articles of Association” on pages 21, 69, 110, 79, 55, 41, 161, 244, 271 and 286 respectively.

| Summary of the primary business of the Company  | We are the largest integrated diagnostic chain in southern India, by revenue, and also one of the fastest-growing diagnostic chain by revenue, for fiscal year 2020 (Source: CRISIL Report). We offer an one-stop solution for pathology and radiology testing services to customers through our extensive operational network, which consists of 81 diagnostic centres and 11 reference laboratories across 13 cities and towns in the states of Telangana and Andhra Pradesh, and the National Capital Region and Kolkata.  |  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
|---|---|--|---|---|------|----------------------------------|--|---|---|-------------------|---------------------------|------------|-------|-----------|---------------------------|------------|----------------|-----|-----|---|-----------|------|--------------------------|-----------|-------|----------------|-----------|------|-----------------|--------|------|-------------------|--------|------|------------------|--------|------|-------------------|--------|------|-------------------|--------|------|-------------------|-------|------|--------------------------|-------|------|------------------------|-------|------|--------------------------|-------|------|-----------|------------|-------|---------------|------------|
| Summary of the Industry   | The Indian diagnostics market was valued at approximately ₹710 billion to ₹730 billion in FY 2021, and is projected to reach approximately ₹920 billion to ₹980 billion by FY 2023, driven by rise in health awareness and disposable incomes, increase in demand for better healthcare facilities and quality of care of individuals, and increase in spending on preventive and wellness. The diagnostics market in Telangana and Andhra Pradesh, in which we have significant presence in, is projected to grow to approximately ₹120 billion to ₹130 billion by FY 2023. (Source: CRISIL Report)  |  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Name of Promoter  | Dr. S. Surendranath Reddy. For details, see “Our Promoters and Promoter Group” on page 154  |  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Offer size  | Offer for Sale of up to 35,688,064 Equity Shares for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating to ₹[●] million, comprising of up to 5,098,296 Equity Shares aggregating up to ₹[●] million by Dr. S. Surendranath Reddy, up to 29,487,290 Equity Shares aggregating up to ₹[●] million by Karakoram Limited and up to 1,102,478 Equity Shares aggregating up to ₹[●] million by Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1. The Offer shall constitute up to 35.00% of the post-Offer paid-up Equity Share capital of our Company.   |  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Objects of the Offer  | The objects of the Offer are to (i) to carry out the Offer for Sale of up to 35,688,064 Equity Shares by the Selling Shareholders; and (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges. For further details, see “Objects of the Offer” on page 69  |  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Aggregate pre-Offer shareholding of our Promoter and Promoter Group, and Selling Shareholders as a percentage of our paid-up Equity Share capital | (a) The aggregate pre-Offer shareholding of our Promoter and Promoter Group as a percentage of the pre-Offer paid-up Equity Share capital of the Company is set out below:  |  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
|   | <table><tr><th>Name</th><th>No. of Equity Shares</th><th>Percentage of the pre-Offer Equity Share Capital (%)</th></tr><tr><td colspan="3">Promoter</td></tr><tr><td>Dr. S. Surendranath Reddy</td><td>38,521,195</td><td>37.78</td></tr><tr><td>Total (A)</td><td>38,521,195</td><td>37.78</td></tr><tr><td colspan="3">Promoter Group</td></tr><tr><td>Sura Suprita Reddy</td><td>9,176,933</td><td>9.00</td></tr><tr><td>Sunil Chandra Kondapally</td><td>9,106,933</td><td>8.93</td></tr><tr><td>S. Geeta Reddy</td><td>4,058,638</td><td>3.98</td></tr><tr><td>B. Vishnu Priya</td><td>27,922</td><td>0.03</td></tr><tr><td>Birudavolu Gautam</td><td>10,000</td><td>0.01</td></tr><tr><td>P V Sanjay Kumar</td><td>10,000</td><td>0.01</td></tr><tr><td>P Madhulika Reddy</td><td>10,000</td><td>0.01</td></tr><tr><td>Manjula Kankanthi</td><td>10,000</td><td>0.01</td></tr><tr><td>Birudavolu Jalaja</td><td>5,000</td><td>0.00</td></tr><tr><td>Birudavolu Dayakar Reddy</td><td>5,000</td><td>0.00</td></tr><tr><td>Nanda Birudavolu Kumar</td><td>5,000</td><td>0.00</td></tr><tr><td>Charita Birudavolu Reddy</td><td>5,000</td><td>0.00</td></tr><tr><td>Total (B)</td><td>22,430,426</td><td>22.00</td></tr><tr><td>Total (C=A+B)</td><td>60,951,621</td><td>59.78</td></tr></table> |  |   |   | Name | No. of Equity Shares             | Percentage of the pre-Offer Equity Share Capital (%) | Promoter  |   |                   | Dr. S. Surendranath Reddy | 38,521,195 | 37.78 | Total (A) | 38,521,195                | 37.78      | Promoter Group |     |     | Sura Suprita Reddy  | 9,176,933 | 9.00 | Sunil Chandra Kondapally | 9,106,933 | 8.93  | S. Geeta Reddy | 4,058,638 | 3.98 | B. Vishnu Priya | 27,922 | 0.03 | Birudavolu Gautam | 10,000 | 0.01 | P V Sanjay Kumar | 10,000 | 0.01 | P Madhulika Reddy | 10,000 | 0.01 | Manjula Kankanthi | 10,000 | 0.01 | Birudavolu Jalaja | 5,000 | 0.00 | Birudavolu Dayakar Reddy | 5,000 | 0.00 | Nanda Birudavolu Kumar | 5,000 | 0.00 | Charita Birudavolu Reddy | 5,000 | 0.00 | Total (B) | 22,430,426 | 22.00 | Total (C=A+B) | 60,951,621 |
| Name  | No. of Equity Shares  | Percentage of the pre-Offer Equity Share Capital (%) |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Promoter  |   |  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Dr. S. Surendranath Reddy   | 38,521,195  | 37.78  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Total (A)   | 38,521,195  | 37.78  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Promoter Group  |   |  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Sura Suprita Reddy  | 9,176,933   | 9.00   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Sunil Chandra Kondapally  | 9,106,933   | 8.93   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| S. Geeta Reddy  | 4,058,638   | 3.98   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| B. Vishnu Priya   | 27,922  | 0.03   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Birudavolu Gautam   | 10,000  | 0.01   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| P V Sanjay Kumar  | 10,000  | 0.01   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| P Madhulika Reddy   | 10,000  | 0.01   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Manjula Kankanthi   | 10,000  | 0.01   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Birudavolu Jalaja   | 5,000   | 0.00   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Birudavolu Dayakar Reddy  | 5,000   | 0.00   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Nanda Birudavolu Kumar  | 5,000   | 0.00   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Charita Birudavolu Reddy  | 5,000   | 0.00   |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Total (B)   | 22,430,426  | 22.00  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Total (C=A+B)   | 60,951,621  | 59.78  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
|   | (b) The aggregate pre-Offer and post-Offer shareholding of the Selling Shareholders and as a percentage of the pre-Offer paid-up Equity Share capital and post-Offer paid-up Equity Share capital of the Company is set out below:  |  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
|   | <table><tr><th>Name</th><th>No. of Equity Shares (pre-Offer)</th><th>Percentage of the pre-Offer Equity Share Capital (%)</th><th>No. of Equity Shares (post completion of the Offer)</th><th>Percentage of the post Offer Equity Share Capital (%)</th></tr><tr><td>Karakoram Limited</td><td>39,316,387</td><td>38.56</td><td>[●]</td><td>[●]</td></tr><tr><td>Dr. S. Surendranath Reddy</td><td>38,521,195</td><td>37.78</td><td>[●]</td><td>[●]</td></tr><tr><td>Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1</td><td>1,469,970</td><td>1.44</td><td>[●]</td><td>[●]</td></tr><tr><td>Total</td><td>79,307,552</td><td>77.78</td><td>[●]</td><td>[●]</td></tr></table>   |  |   |   | Name | No. of Equity Shares (pre-Offer) | Percentage of the pre-Offer Equity Share Capital (%) | No. of Equity Shares (post completion of the Offer) | Percentage of the post Offer Equity Share Capital (%) | Karakoram Limited | 39,316,387                | 38.56      | [●]   | [●]       | Dr. S. Surendranath Reddy | 38,521,195 | 37.78          | [●] | [●] | Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1 | 1,469,970 | 1.44 | [●]                      | [●]       | Total | 79,307,552     | 77.78     | [●]  | [●]             |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Name  | No. of Equity Shares (pre-Offer)  | Percentage of the pre-Offer Equity Share Capital (%) | No. of Equity Shares (post completion of the Offer) | Percentage of the post Offer Equity Share Capital (%) |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Karakoram Limited   | 39,316,387  | 38.56  | [●]   | [●]   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Dr. S. Surendranath Reddy   | 38,521,195  | 37.78  | [●]   | [●]   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1   | 1,469,970   | 1.44   | [●]   | [●]   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Total   | 79,307,552  | 77.78  | [●]   | [●]   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |
| Summary of Selected Financial Information   | (a) The details of our share capital, net worth, net asset value per Equity Share and Total Borrowings as at three month periods ended June 30, 2021 and June 30, 2020 and Fiscals ended March 31, 2021, 2020 and 2019 derived from the Restated Financial Information are as follows:<br><br>(₹ in million, except per share data)   |  |   |   |      |                                  |  |   |   |                   |                           |            |       |           |                           |            |                |     |     |   |           |      |                          |           |       |                |           |      |                 |        |      |                   |        |      |                  |        |      |                   |        |      |                   |        |      |                   |       |      |                          |       |      |                        |       |      |                          |       |      |           |            |       |               |            |

| Particulars                                | As at,        |               |                |                |                |
|--|---------------|---------------|----------------|----------------|----------------|
|  | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| (A) Equity share capital                   | 101.97        | 45.32         | 45.32          | 45.32          | 45.29          |
| (B) Net worth <sup>1</sup>                 | 3,929.08      | 2,758.28      | 3,592.32       | 2,741.39       | 2,070.10       |
| (C) Net asset value per share <sup>2</sup> | 38.53         | 27.05         | 35.23          | 26.89          | 20.32          |
| (D) Total Borrowings                       | 11.92         | 306.56        | 44.72          | 328.40         | 424.26         |

<sup>1</sup>“Net worth” means the aggregate value of paid-up equity share capital and other equity created out of the profits, 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, derived from the Restated Financial Information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

(₹ in million, except per share data)

| Particulars   | As at,          |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | June 30, 2021   | June 30, 2020   | March 31, 2021  | March 31, 2020  | March 31, 2019  |
| Equity share capital (A)  | 101.97          | 45.32           | 45.32           | 45.32           | 45.29           |
| Instruments entirely equity in nature (B)                             | -               | -               | -               | -               | 24.13           |
| Other equity (C)  | 3,821.29        | 2,718.93        | 3,544.74        | 2,700.11        | 2,004.40        |
| <b>Equity attributable to owners of the Company (D) = (A)+(B)+(C)</b> | <b>3,923.26</b> | <b>2,764.25</b> | <b>3,590.06</b> | <b>2,745.43</b> | <b>2,073.82</b> |
| Non-controlling interest (E)  | 5.82            | (5.97)          | 2.26            | (4.04)          | (3.72)          |
| <b>Net Worth (F) = (D)+(E)</b>  | <b>3,929.08</b> | <b>2,758.28</b> | <b>3,592.32</b> | <b>2,741.39</b> | <b>2,070.10</b> |

<sup>2</sup>Net assets value per share (in ₹): Net asset value per share is calculated by dividing net worth by number of equity shares outstanding at the end of the year

(₹ in million, except per share data)

| Particulars                           | As at,        |               |                |                |                |
|---------------------------------------|---------------|---------------|----------------|----------------|----------------|
|                                       | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Net Worth (A)                         | 3,929.08      | 2,758.28      | 3,592.32       | 2,741.39       | 2,070.10       |
| Nos of equity shares outstanding* (B) | 101,965,926   | 101,965,926   | 101,965,926    | 101,965,926    | 101,898,292    |
| <b>Net asset value per share (C)</b>  | <b>38.53</b>  | <b>27.05</b>  | <b>35.23</b>   | <b>26.89</b>   | <b>20.32</b>   |

\*Our Company has, pursuant to a Board resolution dated March 22, 2021 and Shareholders resolution dated March 22, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹1 each. Further subsequent to March 31, 2021, pursuant to a Board resolution dated May 26, 2021 and Shareholders resolution dated May 26, 2021, bonus share has been issued in the ratio of 5 equity shares for every 4 equity shares. Net asset value per share is considered post sub-division and bonus issue

(b) The details of our total income, profit after tax and earnings per Equity Share (basic and diluted) for three month period ended June 30, 2021 and June 30, 2020 and Fiscals 2021, 2020 and 2019 derived from Restated Financial Information are as follows:

(₹ in million, except per share data)

| Particulars                          | For the financial period/ year ended |               |                |                |                |
|--------------------------------------|--------------------------------------|---------------|----------------|----------------|----------------|
|                                      | June 30, 2021                        | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Total income                         | 1,259.70                             | 539.92        | 3,885.93       | 3,541.82       | 3,029.44       |
| Profit/ (loss) for the period / year | 333.25                               | 18.10         | 849.11         | 625.07         | 462.72         |
| Earnings per share*                  |                                      |               |                |                |                |
| - Basic                              | 3.23                                 | 0.19          | 8.26           | 6.13           | 4.50           |
| - Diluted                            | 3.23                                 | 0.19          | 8.26           | 6.13           | 4.50           |

\*Our Company has, pursuant to a Board resolution dated March 22, 2021 and Shareholders resolution dated March 22, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹1 each. Further subsequent to March 31, 2021, pursuant to a Board resolution dated May 26, 2021 and Shareholders resolution dated May 26, 2021, bonus share has been issued in the ratio of 5 equity shares for every 4 equity shares. Basic and diluted EPS are considered post sub-division and bonus issue

The earnings per share for the three month periods ended June 30, 2021 and June 30, 2020 are not annualized

**Auditor's qualifications which have not been given effect to in the Restated Financial Information**

There are no auditor qualifications which have not been given effect to in the Restated Financial Information.

**Summary table of outstanding litigations**

A summary of outstanding litigation proceedings involving our Company, Promoter, Directors and Subsidiaries as disclosed in “Outstanding Litigation and Material Developments” on page 244, in terms of the SEBI ICDR Regulations and the materiality policy approved by our Board pursuant to a resolution dated May 27, 2021, as of the date of this Red Herring Prospectus is provided below :

(₹ in million, unless otherwise specified)

| Nature of cases                                      | No. of cases | Total amount involved <sup>^</sup> |
|--|--------------|------------------------------------|
| <b>Litigation involving our Company</b>              |              |                                    |
| <b>Against our Company</b>                           |              |                                    |
| Material civil litigation proceedings                | 1            | 9.90                               |
| Criminal cases                                       | 2            | Not quantifiable                   |
| Action taken by statutory and regulatory authorities | Nil          | Nil                                |
| Taxation cases                                       | 4            | 4.03                               |
| <b>By our Company</b>                                |              |                                    |

|  | Civil cases  | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|--|--|-----|------------------|-----------------------------|-----------------------------|--|--|--------------------------------|--|--------------|---|------------------------|
|  | Criminal cases   | 1   | 0.50             |                             |                             |  |  |                                |  |              |   |                        |
|  | Litigation involving our Subsidiaries  |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  | Against our Subsidiaries   |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  | Civil cases  | 2   | 26.72            |                             |                             |  |  |                                |  |              |   |                        |
|  | Criminal cases   | 11  | Not quantifiable |                             |                             |  |  |                                |  |              |   |                        |
|  | Action taken by statutory and regulatory authorities   | 1   | Not quantifiable |                             |                             |  |  |                                |  |              |   |                        |
|  | Taxation cases   | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | By our Subsidiaries  |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  | Civil cases  | 1   | 0.50             |                             |                             |  |  |                                |  |              |   |                        |
|  | Criminal cases   | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | Litigation involving our Directors   |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  | Against our Directors  |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  | Civil cases  | 1   | 26.72            |                             |                             |  |  |                                |  |              |   |                        |
|  | Criminal cases   | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | Action taken by statutory and regulatory authorities   | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | Taxation cases   | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | By our Directors   |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  | Civil cases  | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | Criminal cases   | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | Litigation involving our Promoter  |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  | Against our Promoter   |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  | Civil cases  | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | Criminal cases   | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | Action taken by statutory and regulatory authorities   | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | Disciplinary actions including penalties imposed by SEBI or the Stock Exchanges in the last five financial years including any outstanding action  | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | Taxation cases   | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | By our Promoter  |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  | Civil cases  | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
|  | Criminal cases   | Nil | Nil              |                             |                             |  |  |                                |  |              |   |                        |
| Risk Factors                                     | For details of the risks applicable to us, see “Risk Factors” on page 21. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer.  |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  |  |     |                  |                             |                             |  |  |                                |  |              |   |                        |
| Summary table of contingent liabilities          | The following is a summary table of our contingent liabilities as at June 30, 2021 as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:  |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  | <div>(₹ in million)</div> <table><tr><th>Particulars</th><th>As at June 30, 2021</th></tr><tr><td>Demand for Provident Fund for the year 1998-2001</td><td>0.56</td></tr></table> <p>* Provident fund matter relates to the years 1998-2001 towards interest and provident fund</p> <p>For further details of our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, see “Financial Statements – Annexure VII – Note 38” on page 203</p>  |     |                  | Particulars                 | As at June 30, 2021         | Demand for Provident Fund for the year 1998-2001 | 0.56   |                                |  |              |   |                        |
| Particulars                                      | As at June 30, 2021  |     |                  |                             |                             |  |  |                                |  |              |   |                        |
| Demand for Provident Fund for the year 1998-2001 | 0.56   |     |                  |                             |                             |  |  |                                |  |              |   |                        |
| Summary of related party transactions            | The details of related party transactions of our Company for the three month periods ended June 30, 2021 and June 30, 2020 and Fiscals ended March 31, 2021, 2020 and 2019, as per Ind AS 24 – Related Party Disclosures as per Restated Financial Information are set forth in the table below:   |     |                  |                             |                             |  |  |                                |  |              |   |                        |
|  | <table><tr><th>Description of relationship</th><th>Name of the related parties</th></tr><tr><td>Persons exercising control</td><td>Dr. S Surendranath Reddy (Executive Chairman) (also a KMP)</td></tr><tr><td>Key management personnel (KMP)</td><td>Dr. S Surendranath Reddy (Executive Chairman)<br/>S Suprita Reddy (Chief Executive Officer), Retired as Managing Director w.e.f October 31, 2019 and appointed as CEO w.e.f November 01, 2019.<br/>K Sunil Chandra (Executive Director)<br/>S Geetha Reddy (Additional Director w.e.f November 21, 2019)<br/>Nishant Sharma (Nominee Director)<br/>Y K Priyadarshini (Company Secretary upto July 17, 2018)<br/>Vijay Gupta (Company Secretary w.e.f October 15, 2018 upto June 03, 2019)<br/>V Sri Lakshmi (Company Secretary w.e.f July 18, 2019)<br/>Sandhya Rani.S (Chief Financial Officer upto April 18, 2021)<br/>Narasimha Raju.K.A (Chief Financial Officer w.e.f May 1, 2021)</td></tr><tr><td>Subsidiaries</td><td>Medinova Diagnostic Services Limited<br/>Doctors Lab Medical Services Private Limited<br/>VDC Diagnostics (Karnataka) LLP</td></tr><tr><td>Step down subsidiaries</td><td>Namrata Diagnostic Centre Private Limited<br/>Medinova Millennium MRI Services LLP</td></tr></table> |     |                  | Description of relationship | Name of the related parties | Persons exercising control                       | Dr. S Surendranath Reddy (Executive Chairman) (also a KMP) | Key management personnel (KMP) | Dr. S Surendranath Reddy (Executive Chairman)<br>S Suprita Reddy (Chief Executive Officer), Retired as Managing Director w.e.f October 31, 2019 and appointed as CEO w.e.f November 01, 2019.<br>K Sunil Chandra (Executive Director)<br>S Geetha Reddy (Additional Director w.e.f November 21, 2019)<br>Nishant Sharma (Nominee Director)<br>Y K Priyadarshini (Company Secretary upto July 17, 2018)<br>Vijay Gupta (Company Secretary w.e.f October 15, 2018 upto June 03, 2019)<br>V Sri Lakshmi (Company Secretary w.e.f July 18, 2019)<br>Sandhya Rani.S (Chief Financial Officer upto April 18, 2021)<br>Narasimha Raju.K.A (Chief Financial Officer w.e.f May 1, 2021) | Subsidiaries | Medinova Diagnostic Services Limited<br>Doctors Lab Medical Services Private Limited<br>VDC Diagnostics (Karnataka) LLP | Step down subsidiaries |
| Description of relationship                      | Name of the related parties  |     |                  |                             |                             |  |  |                                |  |              |   |                        |
| Persons exercising control                       | Dr. S Surendranath Reddy (Executive Chairman) (also a KMP)   |     |                  |                             |                             |  |  |                                |  |              |   |                        |
| Key management personnel (KMP)                   | Dr. S Surendranath Reddy (Executive Chairman)<br>S Suprita Reddy (Chief Executive Officer), Retired as Managing Director w.e.f October 31, 2019 and appointed as CEO w.e.f November 01, 2019.<br>K Sunil Chandra (Executive Director)<br>S Geetha Reddy (Additional Director w.e.f November 21, 2019)<br>Nishant Sharma (Nominee Director)<br>Y K Priyadarshini (Company Secretary upto July 17, 2018)<br>Vijay Gupta (Company Secretary w.e.f October 15, 2018 upto June 03, 2019)<br>V Sri Lakshmi (Company Secretary w.e.f July 18, 2019)<br>Sandhya Rani.S (Chief Financial Officer upto April 18, 2021)<br>Narasimha Raju.K.A (Chief Financial Officer w.e.f May 1, 2021)   |     |                  |                             |                             |  |  |                                |  |              |   |                        |
| Subsidiaries                                     | Medinova Diagnostic Services Limited<br>Doctors Lab Medical Services Private Limited<br>VDC Diagnostics (Karnataka) LLP  |     |                  |                             |                             |  |  |                                |  |              |   |                        |
| Step down subsidiaries                           | Namrata Diagnostic Centre Private Limited<br>Medinova Millennium MRI Services LLP  |     |                  |                             |                             |  |  |                                |  |              |   |                        |







|   |   |
|---|---|
| <b>and allottees, upon completion of the placement</b>                                      |   |
| <b>Any issuance of Equity Shares in the last one year for consideration other than cash</b> | Our Company has not issued any Equity Shares in the last one year from the date of this Red Herring Prospectus, for consideration other than cash.  |
| <b>Any split/consolidation of Equity Shares in the last one year</b>                        | Pursuant to the Board resolution dated March 22, 2021 and the Shareholders' resolution dated March 22, 2021, the equity shares of face value ₹10 were subdivided into Equity Shares of face value ₹1. |

## CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

### Certain Conventions

All references to “India” in this Red Herring Prospectus are to the Republic of India, All references 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 “USA”, “US” and “United States” are to the United States of America

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

### Financial Data

Unless stated otherwise or the context otherwise requires, the financial data in this Red Herring Prospectus is derived from the Restated Financial Information. For further information, see “*Financial Statements*” on page 161. The Restated Financial Information of our Company and Subsidiaries, as at the three month periods ended June 30, 2021 and June 30, 2020 and as at March 31, 2021, March 31, 2020 and March 31, 2019 together with its notes, annexures and schedules derived from respective audited financial statements, prepared in accordance with the applicable provisions of the Companies Act, Ind AS and restated in accordance with the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI and the SEBI ICDR Regulations. Certain other additional financial information pertaining to our Group Companies are derived from their respective audited financial statements.

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 year. Unless the context otherwise requires, all references to a year in this Red Herring Prospectus are to a calendar year.

There are significant differences between Ind AS and U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company’s financial data. Accordingly, the degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting principles, policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting principles, policies and practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 21, 110 and 225 respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of the Restated Financial Information.

In this 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 in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places.

### Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to the Indian Rupee, the official currency of India; and
- “USD” or “US\$” or “\$” are to the United States Dollar, the official currency of the United States;

Our Company has presented all numerical information in this Red Herring Prospectus in “million” units or in whole numbers where the numbers have been too small to represent in millions. One million represents 1,000,000.

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 Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

### Exchange Rates

This Red Herring Prospectus contains conversion 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 Rupee and the respective foreign currencies:

| Currency | As at                        |                              |                               |                               |                               |
|----------|------------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|
|          | June 30, 2021 <sup>(1)</sup> | June 30, 2020 <sup>(1)</sup> | March 31, 2021 <sup>(1)</sup> | March 31, 2020 <sup>(1)</sup> | March 31, 2019 <sup>(1)</sup> |
| 1 USD    | 74.35                        | 75.53                        | 73.50                         | 75.39                         | 69.17                         |

Source: [www.rbi.org.in](http://www.rbi.org.in) and [www.fbil.org.in](http://www.fbil.org.in)

<sup>(1)</sup> If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed

### Non-Generally Accepted Accounting Principles Financial Measures

Certain non-generally accepted accounting principle (“**Non-GAAP**”) measures such as, Adjusted EBITDA, EBITDA, Net Worth, Net asset value per equity share, Return on net worth, net tangible assets and Average operating profit (“**Non-GAAP Measures**”) presented in this Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period 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 or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that they are useful to an investor in evaluating us because they are widely used measures to evaluate a company’s operating performance.

### Industry and Market Data

Unless stated otherwise, industry and market data used in this Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publication and sources. 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 but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. 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 21. Accordingly, investment decisions should not be based solely on such information.

The sections “*Offer Document Summary*”, “*Industry Overview*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” of this Red Herring Prospectus contain data and statistics from the report titled “*Assessment of the diagnostic industry in India*” dated May, 2021, read with the addendum to the report dated August 2021, prepared by CRISIL Limited, and commissioned and paid by our Company specifically for the purposes of the Offer pursuant to the engagement confirmed vide email dated March 20, 2021 between our Company and CRISIL, which is subject to 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). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. 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. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. 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. Vijaya Diagnostic Centre 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”.*

For risks in this regard, see “*Risk Factors – We have commissioned and paid for an industry report from CRISIL Limited specifically for the purpose of the Offer, which have been used for industry related data in this Red Herring Prospectus*” on page 24.

The extent to which the market and industry data used in this 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.

Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in “*Risk Factors*” on page 21.

In accordance with the SEBI ICDR Regulations, the section “*Basis for Offer Price*” on page 71 includes information relating to our listed industry peer. 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 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 have not been and will not be registered under the U.S. Securities Act of 1933, as amended 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) pursuant to Section 4(a) of the U.S. Securities Act and (b) outside 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 Red Herring Prospectus contains certain “forward-looking statements”. All statements contained in this Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “likely to”, “seek to”, “shall”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements whether made by us in this Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and are subject to corresponding risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to, regulatory changes pertaining to the industries we serve 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 which have an impact on our business activities or investments, 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 and taxes and changes in competition. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Our inability to maintain and grow our brand name and brand image;
- Adverse effect by global health epidemics, including the recent COVID-19 outbreak, and the continuing effect of the same;
- Any interruptions at our flagship centre and other diagnostic centres;
- Dependence on third parties to provide us our testing equipments and reagents or recall of existing testing equipment and reagents;
- Failure or malfunction of our equipment; and
- Non-compliance with and changes in any of the applicable laws, rules or regulations, including pricing, safety, health and environmental laws.

For further discussion of factors that could cause the actual results to differ from the expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 21, 110 and 225, 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 future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Forward-looking statements reflect our current views as of the date of this Red Herring Prospectus and are not a guarantee of our future performance. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct.

These statements are based on our management’s belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward looking statements based on these assumptions could be incorrect. 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 future performance. Neither our Company, the Selling Shareholders, our Promoter, our Directors, the BRLMs nor any of their respective affiliates 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 requirements of SEBI, our Company and each of the Selling Shareholders (in respect of statements/ disclosures made by them in this Red Herring Prospectus) shall, severally and not jointly, ensure that investors in India are informed of material developments from the date of this Red Herring Prospectus until the date of Allotment.

## SECTION II: RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry and segments in which we operate or to India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations, financial condition and cash flows. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with “Our Business”, “Industry Overview”, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 110, 79, 161 and 225, respectively, as well as the financial, statistical and other information contained in this Red Herring Prospectus.*

*Our financial year ends on March 31 of each year, so all references to a particular financial or fiscal year are to the twelve-month period ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information for the three months ended June 30, 2021 and 2020 and the financial years 2021, 2020 and 2019 included herein is derived from the Restated Financial Information, included in this Red Herring Prospectus. For further information, see “Financial Statements” on page 161.*

*To the extent the COVID-19 pandemic adversely affects our business and results of operations, it may also have the effect of heightening many of the other risks described in this section. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.*

*This Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus. See “Forward-Looking Statements” on page 20.*

*Unless otherwise indicated, industry and market data used in this section have been derived from the report “Assessment of the diagnostic industry in India” dated May 2021 and its addendum to the report dated August 2021 (the “CRISIL Report”) prepared and released by CRISIL Limited and commissioned and paid for by our Company to confirm our understanding of our industry specifically for the purpose of the Offer.*

*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.*

### **Internal Risk Factors**

#### ***Risks relating to our Business***

##### ***1. Our business and prospects may be adversely affected if we are unable to maintain and grow our brand name and brand image.***

Since we primarily derive almost all of our revenues from walk-in customers, our brand and reputation are critical for the success of our business and operations. Our ability to maintain and improve our brand name and brand image is dependent on factors such as quality, accuracy and efficiency of our diagnostic tests, turnaround time and patient satisfaction, the performance of our service network, the introduction of new tests and services. Further, as we expand into new geographic markets within India, and as the market becomes increasingly competitive, maintaining and enhancing our brand may become costly and difficult.

Our services are designed to diagnose and detect early symptoms of diseases and to help prevent diseases and other health conditions by monitoring a variety of health indicators. While there have not been any past material incidences of errors, users of our services have a greater sensitivity to errors than users of services or products that are not intended for the diagnosis, treatment and prevention of diseases. There are three instances of alleged negligence in the accuracy of diagnosis. For further details, see “Outstanding Litigation and Material Developments – Litigation involving our Company” on page 244. We train our medical personnel, including physicians, radiologists, technicians and other staff to provide accurate and timely test results. However, any delays or inaccuracies in the results we provide, including due to inherent limitations in the technology and equipment used or due to wrong interpretation of test results by doctors, may result in the wrong treatment being prescribed to a patient, which may cause potential harm to such patient and may induce negative publicity and cause other harm to our brand and reputation. In addition, if our personnel make errors in the handling and labelling of patient specimens, or in the operation of our complex medical equipment, or if they inadequately or improperly extract specimens from patients causing bodily harm, our test results may not be accurate and we may become liable under healthcare or other laws for acts or omissions by our employees, which may adversely affect our brand and reputation.



Further, our quality certifications and accreditations are critical for our brand image. As of June 30, 2021, all of our laboratories hold NABL accreditations and three of our diagnostic centres hold NABH accreditations. If our testing services fail to meet accreditation standards, or if we fail to adapt to evolving diagnostic standards, we could lose one or more of our accreditations, which may adversely affect our business and prospects.

## ***2. Our CEO, Sura Suprita Reddy was named in a criminal proceeding.***

Our CEO, Sura Suprita Reddy, was charged in a criminal proceeding wherein the State alleged that Sura Suprita Reddy with another (collectively the “**Defendants**”) had committed offences under Sections 304-A, 336 and 338 of the Indian Penal Code, 1860 due to an accident resulting in a fire at the Park Hospital, Hyderabad in which several persons were injured and three persons subsequently lost their lives while undergoing treatment.

Sura Suprita Reddy was a non-executive director on the board of directors of Park Health Systems Private Limited (“**Park Health**”), the company which operated the Park Hospital, at the time of the accident. The matter was tried before the XXIII Special Magistrate, Hyderabad, who by his judgement dated November 24, 2017 (the “**Judgement**”) held the Defendants were guilty and sentenced the Defendants to (I) (a) undergo six months imprisonment each; and (b) a fine of ₹10,000 each and in default two months simple imprisonment for offence under section 304-A of the IPC; (II) (a) undergo simple imprisonment for a period of six months each; and (b) a fine of ₹1,000 each and in default one month simple imprisonment each, for offence under Section 338 of the IPC; and (III) a fine of ₹250 each and in default one week simple imprisonment for offence under Section 336 of the IPC. All the aforesaid sentences pronounced pursuant to the Judgement were to run concurrently. The Defendants have already paid monetary penalty imposed under the Judgement.

Aggrieved by the above Judgement, the Defendants filed a criminal appeal before the Hon’ble Metropolitan Sessions Judge, Hyderabad (“**Sessions Judge**”) praying for (i) the Judgement to be set aside; (ii) their acquittal; and (iii) suspension of the sentence pending disposal of the appeal. The Sessions Judge by way of its order dated December 20, 2017 suspended the sentence of imprisonment. The matter is currently pending.

Any adverse order or dismissal of such appeal or any further appeals may lead to our CEO not being able to continue in such position, and for our Board to have to look for a replacement for her. Such adverse decision may also lead to negative publicity for our Company and affect our business and reputation. For further details, see “*Outstanding Litigation and Material Developments – Outstanding Criminal Litigations against our Chief Executive Officer*” on page 248.

## ***3. Our business, financial condition and results of operations may be adversely affected by global health epidemics, including the recent COVID-19 outbreak, and the continuing effect of the same cannot be predicted.***

During the first half of 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets. The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have responded by taking measures, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing “stay-at-home” orders and restricting the types of businesses that may continue to operate, among many others. On March 14, 2020, India declared COVID-19 as a “notified disaster” and imposed a nationwide lockdown beginning on March 25, 2020. The lockdown lasted until May 31, 2020, and was extended periodically by varying degrees by state governments and local administrations. The lifting of the lockdown across various regions has been regulated with limited and progressive relaxations being granted for movement of goods and people in other places and calibrated re-opening of businesses and offices. The recent surge in COVID-19 infections has led to states in India having imposed and other states considering the imposition of additional regional or local lockdowns or curfews. For example, the state of Telangana on May 12, 2021 and the state of Andhra Pradesh on May 5, 2021, imposed partial lock downs, each to prevent the further spread of COVID-19.

There is significant uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future responses by the Government, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on our business, operations or potential expansion plans in the future. The COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways such as reduction of working hours at a few of our centres, reduction of demand of certain tests, preference of COVID-19 test over the others and delays in expansion plans. We currently provide RT-PCR tests for detection of COVID-19 at 25 diagnostic centres across nine cities and towns. The impact of COVID-19 pandemic on our future results of operations and financial condition remains uncertain and is dependent on the spread of COVID-19 and steps taken by the Government to mitigate the economic impact and may differ from our estimates. We are closely monitoring the impact of COVID-19 on our financial condition, liquidity, operations, suppliers and work force. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition. Further, we have experienced and may further experience, Government instructions to reduce or cap the price of COVID-19 tests, which may adversely affect our business, results of operations and financial condition. For example, the Government of Telangana had in November 2020 reduced the maximum price of the RT-PCR tests from ₹ 2,200 to ₹ 850 and subsequently in December 2020 to ₹ 500 (for samples collected at laboratories), and the Government of Andhra Pradesh had fixed the price of the RT-PCR tests for samples sent by individuals to approved laboratories from ₹ 2,900 to ₹ 1,000 in November 2020 and subsequently to ₹ 499 in December 2020, though our Company is not aware of any material financial impact to our Company brought by the

pricing policies implemented for the RT-PCR tests. For further details relating to risks relating to implementation of pricing policies by the Government or other authorities, see “- *Non-compliance with and changes in any of the applicable laws, rules or regulations, including pricing, safety, health and environmental laws, may adversely affect our business, results of operations and financial condition and cash flows.*” on page 26.

**4. *Any interruptions at our flagship centre and other diagnostic centres may affect our ability to process diagnostic tests, which in turn may adversely affect our business, results of operations and financial condition.***

Our flagship centre, which is located in Himayatnagar, Hyderabad, is our main ‘hub’ and equipped to conduct majority of the tests offered by us. In addition to walk-in patients, our flagship centre also receives test requests and related specimens from certain other diagnostic centres in our network. Revenues from our flagship centre constituted 14.63%, 17.75%, 17.53% and 20.51% of our revenue from operations for the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019, respectively. Though we have not encountered any interruption to our flagship centre in the past three years, if we experience any interruptions at our flagship centre, or if it fails to function, in whole or in part, because of events such as a fire, natural disaster or a loss of licenses, certifications or permits or other reasons or events beyond our control, our services at such diagnostic centre may be adversely affected or suspended. Further, while we have two other diagnostic centres (located at Dilshunagar and Habsiguda) in the vicinity of our flagship centre to maintain our continuity of services, there are certain tests that we only perform at our flagship centre. As a result, the occurrence of such events could also cause us to lose our patients and we may face significant increase in costs for test processing, transport and logistics which we may not be able to pass on to our patients. Any failure, malfunction, shutdown or partial or complete destruction of our flagship centre could adversely affect our business, prospects, results of operations and financial condition.

Further, we have 20 hub centres, which are equipped to conduct all of pathology specimens collection, basic radiology tests and certain advanced radiology tests. Revenues from our hub centres constituted 49.16%, 45.66%, 46.06% and 44.24% of our revenue from operations for the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019, respectively. Any interruptions at these service centres or any failure in operating in whole or in part of these facilities may also adversely affect our business, results of operations and financial condition.

**5. *Our operations are concentrated in south India, and any loss of business in such region could have an adverse effect on our business, results of operations and financial condition.***

While we have presence across 13 cities and towns in India, as of June 30, 2021, a significant portion of our operations are concentrated in the states of Telangana and Andhra Pradesh in south India. We derived 87.18%, 86.21%, 89.83% and 88.04% of our revenue from operations from Telangana for the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019, respectively. We also derived 8.73%, 9.99%, 6.62% and 6.64% of our revenue from operations from Andhra Pradesh for the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019, respectively. Further, as of June 30, 2021, 64 out of 81 of our diagnostic centres are in Hyderabad. In the event of a regional slowdown in the economic activity in south India, or any other developments including political or civil unrest, disruption or sustained economic downturn that reduce the demand for our services in the states of Telangana and Andhra Pradesh, could adversely affect our business, results of operations and financial condition, which are largely dependent on the performance and other prevailing conditions affecting the economies of south India.

**6. *One of our Subsidiaries MDSL was in non-compliance of the Listing Regulations in the past which have since been rectified. Further our Company has made a delayed filing under regulation 31(4) of the Takeover Regulations in relation to the equity shares held by it in its capacity as a promoter of MDSL. We cannot assure you that the SEBI or BSE will not take any further action against us or MDSL as a result of such non-compliance or delayed filing***

Our Subsidiary, MDSL’s equity shares are listed on the BSE. MDSL is therefore required to comply with the provisions as prescribed by SEBI including the SEBI Act, the rules and regulations thereunder including the Listing Regulations and various circulars issued thereunder. In terms of regulation 33(1)(d) of the Listing Regulations a listed entity is required to ensure that the limited review reports or audit reports submitted to the stock exchanges on a quarterly or annual basis are to be given only by an auditor who has subject himself to a peer review process of the ICAI. In the past MDSL’s erstwhile statutory auditor did not hold a peer review certificate of the ICAI. MDSL has since appointed a statutory auditor which holds a valid peer reviewed certificate of the ICAI.

Further under regulation 31(4) of the Takeover Regulations, a promoter of every listed company is required to file on a yearly basis, within seven working days from the end of each financial year to every stock exchange where the shares of the listed company are listed, a declaration that the promoter along with the persons acting in concert have not made any encumbrance, directly or indirectly, other than those disclosed during the financial year. Our Company has made a delayed filing under regulation 31(4) of the Takeover Regulations for the financial year ended March 31, 2021 by eight days in respect of the equity shares of MDSL held by it in its capacity as a promoter. We cannot assure you that the SEBI or BSE will not take any further action against us or MDSL as a result of such non-compliance or delayed filing.

**7. *There are outstanding legal proceedings involving our Company, Subsidiaries and Directors which may adversely affect our business, financial condition and results of operations***

There are outstanding legal proceedings involving our Company, Subsidiaries and Directors. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defence. Further, an adverse judgment in some of these proceedings could have an adverse impact on our business, financial condition and results of operations.

A summary of the outstanding proceedings involving our Company, Subsidiaries and Directors as disclosed in this Red Herring Prospectus, to the extent quantifiable, have been set out below:

(₹ in million, unless otherwise specified)

| Nature of cases   | No. of cases | Total amount involved <sup>a</sup> |
|---|--------------|------------------------------------|
| <b>Litigation involving our Company</b>   |              |                                    |
| <b>Against our Company</b>  |              |                                    |
| Material civil litigation proceedings   | 1            | 9.90                               |
| Criminal cases  | 2            | Not quantifiable                   |
| Action taken by statutory and regulatory authorities  | Nil          | Nil                                |
| Taxation cases  | 4            | 4.03                               |
| <b>By our Company</b>   |              |                                    |
| Civil cases   | Nil          | Nil                                |
| Criminal cases  | 1            | 0.50                               |
| <b>Litigation involving our Subsidiaries</b>  |              |                                    |
| <b>Against our Subsidiaries</b>   |              |                                    |
| Civil cases   | 2            | 26.72                              |
| Criminal cases  | 11           | Not quantifiable                   |
| Action taken by statutory and regulatory authorities  | 1            | Not quantifiable                   |
| Taxation cases  | Nil          | Nil                                |
| <b>By our Subsidiaries</b>  |              |                                    |
| Civil cases   | 1            | 0.50                               |
| Criminal cases  | Nil          | Nil                                |
| <b>Litigation involving our Directors</b>   |              |                                    |
| <b>Against our Directors</b>  |              |                                    |
| Civil cases   | 1            | 26.72                              |
| Criminal cases  | Nil          | Nil                                |
| Action taken by statutory and regulatory authorities  | Nil          | Nil                                |
| Taxation cases  | Nil          | Nil                                |
| <b>By our Directors</b>   |              |                                    |
| Civil cases   | Nil          | Nil                                |
| Criminal cases  | Nil          | Nil                                |
| <b>Litigation involving our Promoter</b>  |              |                                    |
| <b>Against our Promoter</b>   |              |                                    |
| Civil cases   | Nil          | Nil                                |
| Criminal cases  | Nil          | Nil                                |
| Action taken by statutory and regulatory authorities  | Nil          | Nil                                |
| Disciplinary actions including penalties imposed by SEBI or the Stock Exchanges in the last five financial years including any outstanding action | Nil          | Nil                                |
| Taxation cases  | Nil          | Nil                                |
| <b>By our Promoter</b>  |              |                                    |
| Civil cases   | Nil          | Nil                                |
| Criminal cases  | Nil          | Nil                                |

For further details of legal proceedings and notices involving our Company and Directors, see “Outstanding Litigation and Material Developments” on page 244.

Our Company has received an order from the Directorate of Enforcement, Government of India (“ED”) through a letter dated July 5, 2021 (“ED Letter”) directing us to produce certain documents/information, such as details of our Directors, details of foreign inward/outward remittances along with supporting documents, and financials and income tax returns of our Company for the last five years, for the purpose of an investigation under the Foreign Exchange Management Act, 1999. Our Company has responded to the ED Letter by way of a letter dated August 5, 2021 and submitted requisite documents and information sought in the ED Letter. Though the ED Letter makes no allegations as to any violation by our Company, we cannot assure you that this investigation will not result in initiation of further inquiries, proceedings or legal actions against us. In the event the ED were to commence proceedings against us, it may result in the diversion of our management’s time and attention and could have an adverse impact on our business, financial condition, future cash flows and results of operations.

We cannot provide assurance that these legal proceedings will be decided in our favour. Decisions in such proceedings may have an adverse effect on our business, results of operations and financial condition.

8. We have commissioned and paid for an industry report and its addendum from CRISIL Limited specifically for the purpose of the Offer, which have been used for industry related data in this Red Herring Prospectus

We have commissioned and paid for an industry report titled “Assessment of the diagnostic industry in India” dated May 2021 and its addendum to the report dated August 2021 specifically for the purpose of the Offer. The report uses certain methodologies for market sizing and forecasting. We cannot assure you that the report is complete or reliable. Accordingly, investors should read the industry related disclosure in this 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. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

While we believe data obtained from industry publications and other industry sources referred to in this Red Herring Prospectus to be true, we cannot assure you that such data is complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy and the industry and geography in which we currently operate are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable and prospective investors are advised not to place undue reliance on such data. See “*Industry Overview*” on page 79.

#### **9. Our Group Companies have incurred losses in the past and may incur losses in the future**

Our Group Companies have incurred loss in the past. The following table sets forth information on losses incurred by our Group Companies in the past:

| Name of the Group Company           | Particulars             | (₹ in million)                         |         |        |
|-------------------------------------|-------------------------|--|---------|--------|
|                                     |                         | For the financial year ended March 31, |         |        |
|                                     |                         | 2020                                   | 2019    | 2018   |
| Park Health Systems Private Limited | Profit/(Loss) after tax | 25.35                                  | (39.27) | 14.27  |
| Vijaya Hospitals Private Limited    | Profit/(Loss) after Tax | 4.68                                   | 6.42    | (1.18) |

There can be no assurance that our Group Companies will not incur losses in the future, which may have an adverse effect on our reputation and business.

#### **10. We will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the net proceeds from the Offer for Sale.**

The Offer consists of the Offer for Sale. The Selling Shareholders shall be entitled to the net proceeds from the Offer for Sale, which comprise proceeds from the Offer for Sale net of Offer expenses shared by the Selling Shareholders, and our Company will not receive any proceeds from the Offer for Sale.

#### **11. We depend on third-parties to provide us our testing equipment and reagents, and any failure to continue to do so or recall of existing testing equipment and reagents could adversely affect our business, results of operations and financial condition.**

We depend on third-party vendors and suppliers to procure our testing equipment and reagents and we enter into lease agreements and rental agreements with fixed term with them. Certain of these agreements require us to purchase minimum quantity or value of purchases. We cannot assure you that we will be able to continue to obtain adequate supplies of equipment, reagents and test kits, in a timely manner and without any defects, in the future. Any disruption in our business may also result in us not meeting our minimum purchase obligations under these agreements resulting in an event of default and leading to potential disruption to our supply of equipment or reagents. Any such reductions or interruptions in the supply of equipment or reagents, defects in reagent and test kits and any inability on our part to find alternate sources for the procurement of such items, may have an adverse effect on our ability to provide our services in a timely or cost effective manner. Further, the procurement cost of testing equipment and reagents produced outside India may increase due to depreciation of Indian Rupee, and the suppliers may therefore demand to re-negotiate the supply contracts with us. In the event of an increase in the price of such items, we cannot assure you that we will be able to correspondingly increase the price of our services.

In addition, under our lease and reagent supply agreements, the supplier typically has the discretion to terminate the agreement with written notice in the event of a breach of any material term or condition of such agreement, including on account of a default in the purchase of a committed amount of reagents, movement of the leased equipment without prior consent of the manufacturer. Further, the equipment is at all times the exclusive property of the manufacturer and our Company has rights only as a lessee. In addition, manufacturers may discontinue the supply of, or recall reagents, test kits, instruments or equipment which could adversely affect our operations. Any such recall or termination and consequent removal of the installed equipment can adversely affect our business, results of operations and financial condition. Additionally, in fiscal 2017 one of our subsidiaries, MDSL, has defaulted on certain equipment loans availed from its lenders. Due to these defaults, MDSL paid ₹ 0.07 million in delay charges and interest payment on delay charges to the lender. Further, Medinova Millennium MRI Services LLP, one of our Subsidiaries, has delayed the payment of instalments of its equipment loans in fiscal years 2017, 2018 and 2019 and as a result paid delay charges and interest payment on delay charges of ₹ 0.51 million to the lender. We cannot assure you that the Company or its subsidiaries will not default on any of their financing facilities in the future. Any such default can adversely affect our business, results of operations and financial condition.

## ***12. Failure or malfunction of our equipment could adversely affect our ability to conduct our operations.***

Our operations are subject to risks inherent in the use of complex medical equipment. We have experienced routine breakdowns and may experience breakdowns and failures or there could be injury to our employees or others either because of defects, faulty maintenance or repair, or improper use or lack of timely servicing of our equipment. Our Company has entered into comprehensive maintenance contracts for which we pay fixed fees for maintenance of major medical equipment and have not incurred any material costs associated with repair and maintenance of medical equipment in the past three fiscal years. However, any significant malfunction or breakdown of our equipment may entail significant repair and maintenance costs and cause disruptions and delays in our operations. Any injury caused by our medical equipment in our diagnostic centres due to equipment defects, improper maintenance or improper operation could subject us to liability claims. We cannot assure you that we would be able to effectively respond to any such events, in a timely manner and at an acceptable cost, which could lead to an inability to effectively provide our services and, therefore, affect our business and reputation.

## ***13. Non-compliance with and changes in any of the applicable laws, rules or regulations, including pricing, safety, health and environmental laws, may adversely affect our business, results of operations and financial condition and cash flows.***

Our diagnostic centres through which we provide our services are subject to stringent health and safety laws. We are required to maintain licenses under various health and safety legislations and regulations which, among others, include registration under the Clinical Establishments (Registration and Regulations) Act, 2010 or under respective State clinical establishment legislation, specifically Telangana Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002 and Andhra Pradesh Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002 and rules thereunder, as applicable, issued by the appropriate State authority, authorizations under the Bio-Medical Waste (Management and Handling) Rules, 2016, issued by the respective State Pollution Control Boards, registration for operation of medical diagnostic x-ray equipment issued by the Atomic Energy Regulatory Board and no objection certificates for the radioactive substances which are in our possession and covered under the applicable Shops and Establishments Acts, in Telangana, Andhra Pradesh, Haryana and West Bengal. Additionally, our diagnostic centres also possess licenses to operate X-ray equipment, such as the bone densitometer, mammography machine and computer tomography (CT) scanners, as required under the Atomic Energy Rules.

In addition to this, our Company and our diagnostic centres are also required to obtain trade licenses as issued by appropriate local municipalities under applicable local laws, relevant registrations under the Employees' State Insurance Act, 1948, the Contract Labour (Registration and Abolition) Act, 1970, Telangana Tax on Profession Trade, Calling and Employment Act, 1987 and a shops and establishments registration, in the states that we operate. For some of our diagnostic centres we are also required, depending on the height and the proportion of the premises we occupy, to obtain a fire no objection certificate ("Fire NOC") from the relevant local authorities. For certain diagnostic centres located in multistoried buildings, we occupy part of the building with other tenants occupying the balance building. As on the date of the Red Herring Prospectus, (i) our Company was not required to obtain a Fire NOC for certain diagnostic centres (a) since the height of the building in which such diagnostic centres are located is less than the height statutorily prescribed for obtaining Fire NOCs; or (b) because we occupy only a part of the building even though the height of the building is more than the height statutorily prescribed for obtaining Fire NOCs since the owner of such building is required to obtain the Fire NOCs; and (ii) our Company has been unable to apply for the Fire NOC for one diagnostic centre in Hyderabad, namely at Himayatnagar, due to the non-availability of the stipulated setback area around the premises as per the National Building Code of India, 2016. However, our Company made an application dated June 13, 2021 to the Government of Telangana for a fire audit certificate for the above referred diagnostic centre at Himayatnagar. Subsequently, the Government of Telangana by way of a fire audit letters dated July 5, 2021 and July 8, 2021 has provided additional fire safety observations for the Himayatnagar diagnostic centre such as deficiencies in open spaces around the building, deficiencies in fire fighting equipment, emergency power and safety systems and fire safety equipment. The Himayatnagar diagnostic centre contributes 14.63% and 17.75% of our revenue from operations for the three months ended June 30, 2021 and the financial year 2021, respectively. While we have ensured that and our staff is well versed with the fire safety protocols and all our diagnostic centres are equipped with the requisite fire-fighting equipment and have been recently audited by a retired fire officer, due to structural issues at Himayatnagar diagnostic centre there maybe challenges in case of any untoward incident. The relevant local authorities may also institute any civil or criminal actions (including the temporary sealing of the premises) for any non-compliance of this requirement at this aforesaid location which may in turn interrupt our operations or collections at this diagnostic centre, and consequently our results of operations, financial conditions and cash flows.

Our business operations are primarily conducted on premises leased from third parties (including certain related parties). The owners of these premises are required to obtain, depending on the date of completion of construction of the premises, an occupancy certificate. As on the date of the Red Herring Prospectus, the owners for certain locations in which our diagnostic centres are located have not applied for an occupancy certificate. We cannot assure you that such owners will apply for or obtain the occupancy certificate for such premises in a timely manner or at all. Any non-possession of occupancy certificates may result in the functional agencies not providing a regular connections for electricity, water, drainage and sewerage or imposition of higher property tax and water and electricity charges.

If a determination is made that we are in violation of any of the applicable laws, rules or regulations, including conditions in the permits required for our operations, we may be subjected to regulatory sanctions, have to pay fines, modify or discontinue our operations, incur additional operating costs or make capital expenditures which would adversely affect our business, results

of operations, financial position and cash flows. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, applicable laws, rules or regulations or policies, may also adversely affect the viability of our current business or restrict our ability to grow our business in the future. Further, the adoption of stricter applicable laws and regulations, stricter interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that we make additional capital expenditures, incur additional expenses or take other actions in order to remain compliant and maintain our current operations. Complying with, and changes in, these laws and regulations or terms of approval may increase our compliance costs and adversely affect our business, results of operations, financial condition and cash flows.

We are also subject to the laws and regulations governing relationships with employees in such areas as minimum wage, gratuity, provident fund and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. There is a risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals. We cannot assure you that we will not be involved in future litigation or other proceedings or be held liable in any litigation or proceedings including in relation to safety, health and environmental matters, the costs of which may be significant.

***14. We require certain approvals, licenses, registrations and permits for conducting our business and our inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect our business, results of operations and financial condition.***

Our operations are subject to extensive government regulation and we are required to obtain and maintain a number of statutory and regulatory registrations, permits and approvals under central, state and local government rules in India, generally for carrying out our business and for each of our facilities. Our Company has made applications for the renewal of certain licenses, such as trade licenses granted by the Greater Hyderabad Municipal Corporation for some of our branches and we await the receipt of such licenses. Further, the authorizations under the Bio-medical waste management (Management and Handling) Rule, 2016, Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994, Bio-Medical Waste (Management and Handling) Rules, 2016, Telangana Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002 and Andhra Pradesh Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002 for some of its diagnostic centres are pending renewal. For details, see “Government and Other Approvals – Approvals applied for but not received” on page 251. The regulatory licenses that we require are typically granted for a limited term and are subject to renewal at the end of such terms. We cannot assure that we will be able to obtain or renew all necessary licenses and registrations as and when required, within a reasonable time, or at all.

Our diagnostic centres are located on properties leased by us, and it is the responsibility of the lessors to procure occupancy certificates. An absence of such certificates on accord of the lessors could also adversely affect our business and operations.

Our licenses and approvals are subject to various conditions, including periodic renewal and maintenance of standards that are subject to inspection and may require us to incur substantial expenditure. Any actual or alleged failure on our part to comply with the terms and conditions of such regulatory licenses and registrations could expose us to significant compliance costs or liabilities or could affect our ability to continue our operations. Further, in the event certain accreditations, are made compulsory, either by law or as a condition for empanelment, our business and operations may be adversely affected until such time we receive such accreditations.

If we fail to obtain or renew any applicable approvals, licenses, registrations or consents in a timely manner, we may not be able to undertake certain operations of our business, or at all, which may affect our business, results of operations and financial condition. We cannot assure you that the approvals, licenses, registrations or permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. In addition, any suspension, revocation or termination of one or more of our operational licenses may also lead to consequences under the terms of our other licenses. Any failure to renew the approvals that have expired, or to apply for and obtain the required approvals, licenses, registrations or consents, or any suspension or revocation of any of the approvals, licenses, registrations or consents that have been or may be issued to us, may adversely affect our business, results of operations and financial condition.

***15. Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our business, results of operations and financial condition.***

We have experienced considerable growth and we have significantly expanded our operations from 61 diagnostic centres as on March 31, 2019 to 81 diagnostic centres as on June 30, 2021. Our revenue from operations was ₹ 1,226.86 million and our profit/(loss) was ₹ 333.25 million for the three months ended June 30, 2021. Our revenue from operations grew from ₹ 2,925.87 million for the financial year 2019 to ₹ 3,767.46 million for the financial year 2021, while our profit/(loss) for the year grew from ₹ 462.72 million for the financial year 2019 to ₹ 849.11 million for the financial year 2021. However, we cannot assure you that we will be able to continue to grow further, or at such rate.

As part of our growth strategy, among others, we seek to increase the penetration of our existing test services in the Indian market by opening new diagnostic centres and make strategic acquisitions of other diagnostic service providers. See “*Our Business – Our Strategy*” on page 113. Our inability to manage our expansion effectively and execute our growth strategy in a timely manner, or within budget estimates or our inability to meet the expectations of our stakeholders could have an adverse effect on our business, results of operations and financial condition. We cannot assure you that our existing or future management, operational and financial systems, procedures and controls will be adequate to support our future operations, or establish or develop business relationships beneficial to our future operations. Failure to manage growth effectively could have an adverse effect on our business, results of operations and financial condition.

***16. We operate in a highly competitive business environment, and our inability to compete effectively could have an adverse effect on our business, results of operations and financial condition.***

The diagnostics industry in India is highly competitive with several companies present in the market, and therefore it is challenging to improve market share and profitability. Our competitors include diagnostic healthcare service providers in India, hospital-based laboratories, independent clinical laboratories, other smaller-scale providers of diagnostic services (with more established local and regional presence in certain geographies) such as pathology, radiology laboratories and preventive care providers as well as international service providers, which may establish and expand their operations in future. We compete on the breadth of our test offerings, the geographical reach of our network, our ability to accurately process specimens and report data in a timely manner and our customer relationships. Some of our competitors may have greater financial, research and development, marketing and other resources, broader service offerings, more experience in obtaining regulatory approvals or greater geographic reach or economies of scale. Further, the diagnostics industry is highly fragmented, the lack of regulations and low entry barriers allow a multitude of organised and unorganised players to compete in the market.

Also, the pricing-related competition may intensify in the near future which may have an adverse effect on the results of our operations, including our profit margins. Increase in the number of comparable diagnostic healthcare facilities may exert additional pricing pressure on some or all of our services. The manufacturers of laboratory equipment and test kits may also enter the diagnostic industry by marketing point-of-care laboratory equipment to physicians and by selling self-test kits, which may be more convenient to the patients and cheaper than our services. If we are unable to compete effectively, our business could decline or contract and our business, results of operations and financial condition could be adversely affected.

***17. We may become subject to professional malpractice liability claims, which could be costly and, therefore, could negatively affect our business, results of operations and financial condition.***

The delivery of diagnostic services involve certain inherent risks. Although we do not believe our operations or activities constitute the practice of medicine, nevertheless, claims, suits or complaints relating to services provided by our employees at our diagnostic centres may be asserted against us in the future. We provide advanced radiology testing services such as MRI, CT, Spect and Pet CT. While performing these tests, we might need to do certain invasive or anesthetic procedures based on the prescription given by the doctors. There is a risk that patient suffers injury and inconvenience, or develops any kind of reaction and we may face claims from such patients and/or regulatory authorities, whether it includes medical negligence by our staff or doctors or not. For instance, there are two complaints (one consumer complaint and one criminal complaint) against us and certain of our employees for alleged gross negligence and recklessness in the accuracy of diagnosis and subsequent treatment. The total damages claimed under the consumer complaint is ₹9.90 million. In addition, we may be subject to professional liability claims, including, without limitation, for improper use or malfunction of our diagnostic equipment or for accidental contamination or injury from exposure to radiation. For further details see “*Outstanding Litigation and Material Developments – Litigation involving our Company – Litigation against our Company*” on page 245.

Any claim made against our Company that is not fully covered by insurance could be costly to defend, result in a substantial damage award against us and divert the attention of our management from our operations, which could have an adverse effect on our business, results of operations and financial condition.

***18. Any inadequacy in collection of, or failure or delay in the delivery of, specimens to our processing laboratories could compromise or destroy the integrity of such specimens, which could adversely affect our business, results of operations and financial condition.***


The process of collecting specimens is highly dependent on the skill and performance of our front-end employees. Any losses, errors or delays in the specimen collection, preparation, labelling and storage process could result in us not being able to effectively provide our services and adversely affect our business and reputation.


The timely pickup, transportation and delivery of specimens depend on several factors beyond our control, including weather and road conditions. Any disruptions in transportation services on account of natural disasters, strikes, lock-outs, terrorism, inadequacies in the road or air infrastructure, weather related problems, or other events could affect our ability to receive specimens and generate test results in a timely manner. For example, the lockdown due to the outbreak of COVID-19 has marginally affected the process and timeliness of collection and delivery of specimens. While most of our diagnostic centres are serviced through our in-house logistics team, we also rely on the services of third-party phlebotomists and logistics providers including for collection of COVID-19 samples. As a result, we may experience loss of specimens, delays and inefficiencies, including mislabeling of specimen, which are not within our control. If we are unable to deliver or receive specimens at our

processing laboratories in a timely manner, their integrity as well as the outcome of results may be compromised, or the reporting of results of tests to patients may be delayed, which could adversely affect our reputation. Further, specimens may be lost, damaged or contaminated due to mishandling while in transit. In the event specimens are lost, destroyed, damaged or contaminated, we may incur additional costs, such as the cost of re-administering tests or from delays in the generation of critical test results. The occurrence of any such events could adversely affect our reputation, business, results of operations and financial condition.

Further, certain agreements we entered into with the third-party phlebotomists and logistics providers include clauses for termination without cause with advance notice. In the event the services provided by these third-party phlebotomists and logistics providers are terminated, we may not be able to find replace in a timely manner, or at all, which may adversely affect our business, results of operations and financial condition.

**19. Our inability to protect or use our intellectual property rights or comply with intellectual property rights of others may adversely affect our business and results of operations.**

We filed an application for the registration of our corporate logo , under class 44 of the Trade Mark Act, 1999 and received partial approval to the extent of words “Vijaya Diagnostic Centre”. Additionally, as on the date of this Red Herring

Prospectus, seven of our trademarks have been objected to by various third parties, including an objection to  which forms part of our corporate logo, and the proceedings in respect of these objections are currently ongoing. Our inability to obtain or maintain these registrations may adversely affect our competitive business position. The measures we take to protect our intellectual property include relying on Indian laws and initiating legal proceedings, which may not be adequate to prevent unauthorized use of our intellectual property by third parties. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business and results of operations. We may also be unable to prevent infringement of our trademarks. In the event our application for our corporate logo is rejected, we will take necessary steps to appeal such rejection and apply for alternative designs and logo as suggested by the Board of Directors.

**20. We are dependent on a number of key personnel, including our senior management and qualified and experienced laboratory professionals, and the loss of, or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.**

Our performance depends largely on the efforts and abilities of our Key Managerial Personnel. Our individual Promoter and Executive Chairman, Dr. S. Surendranath Reddy, our Executive Director, Sunil Chandra Kondapally and our CEO, Sura Suprita Reddy, have an average of over 18 years each in the medical diagnostic industry. The inputs and experience of our Key Managerial Personnel are valuable for the development of business and operations and the strategic directions taken by our Company. Within our Key Managerial Personnel, we faced attrition of one person during the three months ended June 30, 2021 and three, two and one persons during the financial years 2021, 2020 and 2019. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified 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 employees that our business requires.

In addition, our sustained growth depends on our ability to attract, train, motivate and retain qualified and experienced laboratory professionals, including physicians, radiologists and technicians. Our diagnostic services are provided by a medical professional team consisting of 74 laboratory doctors, 19 physicians and 105 radiologists and 1,027 well-trained technical staff in our network, as of June 30, 2021. We faced attrition of 9% laboratory and radiology professionals during the three months ended June 30, 2021 and 31%, 39% and 31% laboratory and radiology professionals during the financial years 2021, 2020 and 2019. Our inability to retain and/or attract such skilled personnel, especially in smaller cities in India, could result in a decrease in the quality of our services. We also cannot assure you that these individuals will not leave us or join a competitor. Therefore, the loss of services of our healthcare professionals and technicians, failure to recruit suitable replacements in a timely manner or the need to incur additional expenses to recruit and train new personnel could adversely affect our operations.

Further, if any of our executive officers or key employees joins a competitor or forms a competing company, we may lose know-how, trade secrets, customers and key professionals and staff. The occurrence of any such events could have an adverse effect on our business, results of operations and financial condition.

**21. Implementation of pricing policies by the Government or other authorities could adversely affect our business, results of operations and financial condition.**

The prices that we charge for our services could become subject to recommended or maximum fees set by the Government or other authorities. For example, the government could introduce “price lists” for services that could be mandatory or, even if not mandatory, result in guidance for the prices we charge for our diagnostic healthcare services. Further, we are empanelled diagnostic centre under the Central Government Health Scheme (“CGHS”), beneficiaries of CGHS are entitled to enjoy our services at CGHS rates and/or CGHS recommended rates. We generated 2.39%, 2.55%, 2.99% and 2.87% of our revenue from



operations from CGHS for the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019, respectively. The implementation of such policies and the restriction under CGHS affecting the prices we charge could, in effect, limit our ability to charge customers higher prices for our services, which may have an adverse effect on our business, results of operations and financial condition.

***22. Failure to introduce new tests, services and technologies or acquire new or improved equipment could adversely affect our business, results of operations and financial condition.***

The diagnostic healthcare services industry is subject to constant innovations in, and improvements to tests and services, processes and technologies. In order to maintain our position in our industry, we must continue to anticipate and keep abreast of the demands and needs of our patients through investing in technologies and equipment to develop new tests and services and improve existing tests and services. If we fail to anticipate trends in the industry, or we are not able to introduce or develop new tests, services and technologies before or at least concurrently with our competitors and at competitive prices, we may consequently be unable to deliver our diagnostic healthcare services involving new tests, services or technologies in an efficient and effective manner. As a result, our business, results of operations and financial condition may be adversely affected.

In addition, technological advancement could lead to the development of more cost-effective technologies or non-invasive diagnostic healthcare tests which are more convenient or less expensive than the tests that we offer. The introduction of such technology and its subsequent use by our existing and potential patients could lead to a decline in the demand for our services. Advances in technology may lead to the development of more cost-effective tests that can be performed outside a commercial clinical laboratory, such as tests that can be performed by hospitals in their own laboratories, point-of-care tests that can be performed by doctors in their surgeries, or home-testing that can be performed by patients or other non-medical professionals themselves, such as pregnancy and diabetes tests. In addition, manufacturers of laboratory equipment and test kits could seek to increase their sales by marketing point-of-care laboratory equipment to physicians and by selling test kits approved for home use to both physicians and patients. Increased testing by physicians in their offices and home use by patients could affect the market for our services and, therefore, adversely affect our business, results of operations and financial condition.

***23. We rely on our information technology systems and third-party platform for the operation of our business and any disruption to our systems and/or third-party platform could adversely affect our business and reputation and result in litigation.***

We rely on information technology systems and third-party website to support our business processes, including for placing order for tests by our customers, conducting tests, transmission of testing results, billing services, quality control, tracking logistics, human resources, finance and other patient service functions. As a result, our business depends on the capacity and reliability of third-party vendors whom we engage and will continue to do so. Interruptions in these technology systems and/or the third-party website, whether due to fire, power loss, telecommunications failures, system failures or errors, human errors, malicious software, physical or electronic break-ins, denial-of-service attacks, or otherwise could affect the availability of our services and prevent or hinder the ability of consumers to access our services. For example, from time to time, we have suffered interruptions in our technology systems, for short durations at one or more of our centres due to telecommunications failures. Effective response to such interruptions will require effort and diligence on the part of our third-party vendors and employees to avoid any adverse effect to our business operations. Sustained system failures or interruption of our information technology systems (including systems of third-party vendors) in one or more of our diagnostic centre operations could disrupt our ability to process laboratory requisitions, perform testing, provide test results in a timely manner and bill the appropriate party. The occurrence of any such events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

***24. Cyber threats and non-compliance with and changes in privacy laws and regulations may adversely affect our business, results of operations and financial condition and cash flows.***

We may face cyber threats such as (i) phishing and trojans - targeting constituents, wherein fraudsters send unsolicited mails to the constituents seeking account sensitive information or to infect their systems to search and attempt ex-filtration of account sensitive information; (ii) hacking – wherein attackers seek to hack into our website and portal with the primary intention of causing reputational damage to us by disrupting services; (iii) data theft – wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; and (iv) advanced persistent threat – a network attack in which an unauthorised person gains access to our network and remains undetected for a long period of time with an intention to steal our data or information rather than to cause damage to our network or organization.

Our systems are also potentially vulnerable to data security breaches, whether by our employees, or others that may expose sensitive data to unauthorised persons. We process and transfer data, including personal information, financial information and other confidential data provided to us by constituents. Although we maintain systems and procedures to prevent unauthorised access and other security breaches, it is possible that unauthorised individuals could improperly access our systems, or improperly obtain or disclose sensitive data that we process or handle. Data security breaches could lead to the loss of intellectual property or could lead to the public exposure of personal information (including sensitive financial and personal information) of constituents. Any such security breaches or compromises of technology systems could result in damage to our reputation, institution of legal proceedings against us and potential imposition of penalties, which may have an adverse effect on our business and results of operations.

Further, we must comply with privacy laws and regulations with respect to the use, storage and disclosure of protected patients' health information, as well as laws pertaining to the electronic transmission of such information, such as the Information Technology (Reasonable security practices and procedures and sensitive personal data on information) Rules, 2011 ("IT Rules"). In the ordinary course of our business, we receive certain personal information about our customers and their patients, including by electronic means. Under the provisions of the IT Rules, we are required to and we have ensured security of all personal data collected by us, formulated a privacy policy and subsequently published such policy on our website. Accordingly, we depend upon our internal information technology system for the storage and transmission of such confidential information. A compromise in our security systems (including systems of third-party information technology vendors) that results in customer or patient personal information being obtained by unauthorised persons or our failure to comply with security requirements for use, storage and transmission of sensitive information could adversely affect our reputation with our customers and result in litigation against us or the imposition of penalties and fines, all of which may adversely impact our business, results of operations, financial condition and liquidity. Further, new requirements for additional security and protection of the privacy of patient information could prove technically difficult, time-consuming or expensive to implement. Failure to comply with privacy laws and regulations may adversely impact our business and reputation and result in litigation.

***25. If we pursue strategic acquisitions, we may not be able to successfully consummate favourable transactions or successfully integrate acquired businesses.***

From time to time, we may evaluate potential acquisitions that would further the strategic objectives of our Company. However, we may not be able to (i) identify or secure suitable investment or acquisition opportunities, or our competitors may capitalise on such opportunities before we do; (ii) obtain requisite approvals from governmental authorities on a timely basis; (iii) consummate a transaction without delay and on terms that are favourable to us; or (iv) achieve expected returns and other benefits as a result of integration challenges or anti-monopoly regulations. Further, companies or operations acquired by us may not be profitable and may have unidentified issues not discovered in our due diligence process including hidden liabilities and legal contingencies or may not achieve sales levels and profitability that justify the investments made. Our corporate development activities may entail financial and operational risks, including diversion of management attention and other resources from our existing core businesses, difficulty in integrating, retaining or separating personnel and financial and other systems, and negative impacts on existing business relationships with suppliers and customers, difficulty in maintaining standards among diagnostic centres in different regions and complexity of large scale business operations. If we fail to successfully source, execute and integrate investments or acquisitions, we may have to discontinue the operations of acquired companies and write off our investments, and as a result our overall growth could be impaired, and our business, results of operations and financial condition could be adversely affected. Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and increased operating expenses, all of which could adversely affect our business, financial condition, results of operations and prospects.

***26. Employee misconduct or failure of our internal processes or procedures could harm us by impairing our ability to attract and retain patients and subject us to significant legal liability and reputational harm.***

Our business is exposed to the risk of employee misconduct or the failure of our internal processes and procedures. For example, misconduct by employees could involve the improper use or disclosure of confidential information, which could result in costly litigation and serious reputational or financial harm. While we strive to monitor, detect and prevent fraud or misappropriation by our employees, through various internal control measures, internal policies and insurance coverage, we may be unable to adequately prevent or deter such activities in all cases. While we have been able to identify such issues in the past, there could be instances of fraud and misconduct by our employees, which may go unnoticed for certain periods of time before corrective action is taken. For instance, there was one instance of cash misappropriation by one of our employees at the billing counter at one of our centres for ₹0.10 million in March 2019. In addition, we may be subject to regulatory or other proceedings in connection with any such unauthorised transaction, fraud or misappropriation by our employees, which could adversely affect our goodwill, business prospects and future financial performance. Even when we identify instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover any amounts lost through such fraud or other misconduct.

***27. If we are unable to establish and maintain an effective internal controls and compliance system, over financial reporting, our reputation could be adversely affected.***

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 diligence and compliance 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.

***28. Our business operations are being conducted on premises owned by and leased from third parties, including our Promoter and members of our Promoter Group. Our inability to continue operating from such premises, or to seek renewal or extension of such leases may adversely affect our business and results of operations***

Our business operations are primarily conducted on premises owned by and leased from third parties, including our Promoter and members of our Promoter Group, and we may continue to enter such transactions in future. Our Registered Office, Corporate Office and all our diagnostic centres, except two of our diagnostic centres, are situated and operated from leased premises. Our leases may expire in the ordinary course. We cannot assure you that we will continue to be able to continue operating out of our existing premises or renew our leases at favourable terms or at all. For example, the lease for the diagnostic centre operated by MDSL has expired and the lessors have filed a suit for eviction against MDSL and MDSL has filed a suit for specific performance against the lessors for the renewal of such lease. For further details see “*Outstanding Litigation and Other Material Developments*” on page 244. Any such event may adversely impact our operations (including by way of temporary disruptions) and cash flows and may divert management attention from our business operations. In case of any deficiency in the title of the owners from whose premises we operate, breach of the contractual terms of any lease, leave and license agreements, or if any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, or if they terminate our agreements, we may suffer a disruption in our operations and will have to look for alternate premises.

Given that our operations are conducted on premises leased from third parties, any encumbrance or adverse impact, or deficiency in, the title, ownership rights or development rights of the owners from whose premises we operate, breach of the contractual terms of any lease or leave and license agreements, or any inability to renew such agreements on acceptable terms or at all may adversely affect our business and results of operations. In the event of relocation, we may be required to obtain fresh regulatory licenses and approvals. Until we receive these, we may suffer disruptions in our operations and our business which may also adversely affect our business and results of operations. For further details, see “*Our Promoter and Promotor Group - Interests of our Promoter*” and “*Our Promoter and Promotor Group - Payment or benefits to our Promoter or our Promoter Group*” on page 154.

***29. Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.***

The principal types of coverage under our insurance policies include directors’ and officers’ liability, fire and special perils policy for all centres and godown, money insurance policy for certain centres, burglary (house breaking) policy for our diagnostic centres and godowns, errors and omissions policy and fidelity guarantee policy for all the centres, commercial vehicle insurance policies and two wheeler package policies. The insurance coverage which we maintain is reasonably adequate to cover the normal risks associated with the operation of our businesses. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. However, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, and while we have no reason to believe that we will not be able to renew our existing insurance coverage as and when such policies expire, or obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct our businesses as now conducted, we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered in full or part by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial condition and cash flows could be adversely affected. We carry insurance in total amount in excess of our total assets as of June 30, 2021. For further details on our insurance arrangements, see “*Our Business – Insurance*” on page 124.

***30. Our ability to attract individual patients is largely dependent on the disposable income and increasing general health awareness of India’s general population, which could decline due to a variety of factors.***

Our key source of income is from individual patients. Our individual consumer business contributed to 92.09% of our revenue from operations for the fiscal year 2021. The growth of these types of customers is dependent on brand recognition, wider acceptance of our business in the communities in which we operate and our ability to compete effectively within our industry, all of which we may be negatively affected by a wide variety of reasons. For example, individual decisions regarding when to access healthcare services may be impaired by the absence of a developed health insurance sector or the lack of appropriate government programs to cover the costs of healthcare. Moreover, given the small proportion of people in India presently with health insurance, customers in India generally are responsible for all or part of the cost of diagnostic healthcare services, which means that a decrease in disposable income that can be allocated for healthcare services, or even the perception thereof, such as during times of economic downturn, can lead to a reduction in individuals’ expenditures for healthcare services. In addition, we cannot assure you that the current increasing trend in health awareness and demand for preventive healthcare services will continue, and it may even reverse. Any of the above reasons may affect our ability to maintain or increase growth in walk-in customers, which may adversely affect our business, financial condition, results of operations and cash flows.

***31. We face foreign exchange risks that could adversely affect our results of operations.***

We make payment for most of our equipment in Indian Rupees. However, most of our third-party vendors and suppliers of our testing equipment and reagents import materials from countries other than India, as such, the prices of the testing equipment and reagents may be exposed to fluctuations in exchange rates against the Indian Rupee. We may incur additional costs if

currencies fluctuate significantly. Any such increase in costs due to foreign exchange fluctuations may adversely affect our results of operations.

**32. *Our Promoter and Promoter Group will continue to hold a significant equity stake and control in our Company after the Offer and their interests may differ from those of the other shareholders***

As on the date of this Red Herring Prospectus, our Promoter and Promoter Group together hold 59.79% (including nominee shareholding) of our pre-Offer Equity Share capital. For further details, see “*Capital Structure*” page 55. Following the completion of the Offer, our Promoter and Promoter Group, shall continue to hold a majority of our Company’s post-Offer Equity Share capital. This concentration of ownership could limit your ability to influence corporate matters requiring shareholders’ approval. Our Promoter and Promoter Group will have the ability to significantly influence matters requiring shareholders’ approval, including the ability to appoint Directors on our Board and the right to approve significant actions at Board and at shareholders’ meetings, including the issuance of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our Memorandum of Association and Articles of Association. In addition, if our shareholders do not act together, such matters requiring shareholders’ approval may be delayed or may not occur at all, which could adversely affect our business. Moreover, these shareholders are not obligated to provide any business opportunities to us. If such other shareholders invest in another company in competition with us, we may lose the support provided to us by them, which could adversely affect our business, results of operations, financial condition and cash flows. While efforts shall be made to resolve any conflict of interests between our existing shareholders with other shareholders or our Company, we cannot assure you that such conflicts of interest will not arise or be resolved. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

**33. *We have in the past entered into related party transactions and may continue to do so in the future.***

We have entered into various transactions with related parties, such as for rental of properties, purchase of consumables, sale of services, loans incurred and laboratory services to Park Health. For further details of the laboratory services to Park Health, see “*Our Group Companies - Business interest of our Group Companies in our Company*” on page 158. While we have encountered delay in certain payments from Park Health, we did not face any difficulties in payment collections and we believe that all such transactions have been conducted on an arm’s length basis and contain commercially reasonable terms, which are in the interest of the Company and its minority shareholders and in compliance with the Listing Regulations and will continue to adhere to these aforementioned standards in the future, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. For details on our related party transactions, see “*Financial Statements – Annexure VII – Note 45*” on page 207. While we have in the past written-off trade receivables from one of our subsidiaries, Medinova Diagnostic Services Limited of an amount of ₹18.90 million for Fiscal 2017, and made investments and loans to other loss making subsidiaries, we cannot assure you that such transactions, individually or in the aggregate, even if entered into at arm’s length terms will not have an adverse effect on our business, results of operations, cash flows and financial condition.

**34. *Certain of our Promoter, members of Promoter Group, Directors and Key Managerial Personnel have interests in our Company in addition to their normal remuneration or benefits and reimbursement of expenses incurred.***

Certain of our Promoter, members of Promoter Group, Directors and Key Managerial Personnel have interests in our Company that are in addition to reimbursement of expenses and normal remuneration payable to them. Our Promoter, Directors and Key Managerial Personnel may be deemed to be interested to the extent of Equity Shares held by them, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. Further, as of June 30 2021, 16 diagnostic centres were leased by our Promoter, Promoter Group, certain members of Promoter Group, certain of our Directors and one Key Managerial Personnel of our Company and they are interested in certain lease agreements entered into by the Company. Such diagnostic centres include premises located at (i) Himayatnagar, Kukatpally, Dilsuknagar (all of which are located in Hyderabad), which are co-owned by our Promoter, S. Geeta Reddy, Sura Suprita Reddy and Sunil Chandra Kondapally; (ii) Chandanagar, Hyderabad Kurnool, Bakaram, Hyderabad Santosh Nagar, Hyderabad and Madina, Hyderabad which are owned by our Promoter; (iii) Habsiguda and Safilguda (both in Hyderabad) which are co-owned by our Promoter and S Geeta Reddy; (iv) Vizag which is co-owned by our Promoter, S. Geeta Reddy, Sura Supritta Reddy, Sunil Chandra Kondapally and Vishnu Priya; (v) Gurgaon which is co-owned by our Promoter, S. Geeta Reddy and Sunil Chandra Kondapally; (vi) Ameerpet, Hyderabad which is co-owned by our Promoter, S. Geeta Reddy and Sura Suprita Reddy; (vii) AS Rao Nagar which is co-owned by S. Geeta Reddy and Sura Suprita Reddy; (viii) Vijayanagar, Hyderabad which is co-owned by S. Geeta Reddy, Sura Suprita Reddy and Sunil Chandra Kondapally; and (xi) Karimnagar is owned by S. Geeta Reddy. These lease agreements are valid as on the date of this Red Herring Prospectus and the term of these lease agreements typically range from seven to 15 years. The rent paid to them accounted for 2.17%, 2.11%, 2.50% and 2.60% of our total revenue from operations for the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019, respectively. While we believe that our Promoter, Directors and our Key Management Personnel shall exercise their rights as shareholders to the benefit and best interest of the Company, there can be no assurance our Promoter, Directors and our Key Management Personnel shall do so. For further details of such interests, see “*Our Management*” and “*Financial Statements*” on pages 138 and 161, respectively. For further details of our Promoter, see “*Our Promoter and Promoter Group - Interests of our Promoter*” and “*Our Promoter and Promoter Group - Payment or benefits to our Promoter or our Promoter Group*” on page 154.

**35. Certain information in this Red Herring Prospectus is based on our internal classification methodologies, which may change and which may or may not be consistent with companies operating in our industry, and hence we cannot assure you of the completeness or the accuracy of such data.**

Certain statements contained in this Red Herring Prospectus, such as the categorisation of our customers and revenues generated from our individual consumer business and our institutional business is based on our internal classification methodologies and the way we operate our business. For example, our individual consumer business customers comprise of: (i) customers who visit our diagnostic centres and avail our services as per our price list; (ii) customers whose samples are collected at their residence and processed by us; (iii) customers who avail our services basis discretionary discounts provided by us as part of our various marketing and other initiatives; and (iv) customers who are employees of Government companies or are covered under Government initiatives or are beneficiaries of life / health insurance policies and choose to undergo tests at our diagnostic centres. For further details, see “Our Business - Description of Our Business - Our Customers” on page 119. There may be variation in the manner in which we and other companies operating in our industry categorise customers. Depending on our assessment and focus from time to time, this mix may change and there is no assurance that we will continue to see a substantial part of our business as being individual consumer business. In the future, we may have to focus more on our institutional business, which may result in the reduction of the proportion of our individual consumer business to our total business, and subject us to competitive pricing, increased discounts and reduced margins, which in turn may adversely affect our results of operations and financial condition.

**36. We have a contingent liability that has not been provided for in our financial statements, which, if it materialises, may adversely affect our results of operations.**

The following table sets forth certain information relating to our contingent liability, which has not been provided for, as of June 30, 2021:

| Particulars                                      | Amount (₹ in million) |
|--|-----------------------|
| Demand for Provident Fund for the year 1998-2001 | 0.56                  |
| <b>Total</b>                                     | <b>0.56</b>           |

If this liability materialises, it could have an adverse effect on our results of operations. For further details, see “Financial Statements – Annexure VII – Note 38” on page 203. Our Company has not made provisions for the above contingent liabilities, as they are either probable obligations whose existence will be confirmed only by future uncertain events outside the control of our Company, or are present obligations where the outflow of economic resources may not be probable or cannot be measured reliably.

**37. We have incurred other expenses including but not limited to legal and professional expenses.**

We have incurred other expenses for the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019 in the amount of ₹286.00 million, ₹962.39 million, ₹998.93 million and ₹901.09 million, respectively, which mainly consist of legal and professional fees in the amount of ₹145.09 million, ₹462.01 million, ₹507.03 million and ₹454.43 million during the same period/ year. The other expenses and legal and professional fees are not fixed in nature. We cannot provide assurance that these other expenses and such legal and professional fees will not be increased in the future and may have an adverse effect on our business, results of operations and financial condition.

**38. One of our Subsidiaries, MDSL and one of our Group Companies, PH SPL, has delayed in depositing its undisputed statutory dues**

One of our Group Companies, PH SPL, has delayed in depositing undisputed statutory dues such as tax deducted at source, provident fund, ESI dues, PT dues, sales tax, professional tax and tax deducted at source for contractors and interest for the financial years ended March 31, 2018, 2019 and 2020. For further details, see “Our Group Companies – Park Health Systems Private Limited” on page 156. Further, our subsidiary, MDSL, has delayed in making certain interest and penalty payments under the Customs Act, 1962 and Income Tax, Act, 1961. For details, see “Financial Statements - Annexure VI” on page 171.

**39. Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.**

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements and capital expenditure. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, our ability to pay dividends may also be restricted by the terms of financing arrangements that we may enter into. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will be able to pay dividends in the future. For further details, see “Dividend Policy” on page 160.

## External Risk Factors

### *Risks relating to India*

#### ***40. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.***

The Indian economy and capital markets are influenced by economic, political and market conditions in India and globally. Adverse economic developments, such as rising fiscal or trade deficit, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Our Company is incorporated in India, and our assets and employees are all located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Further, the following external risks may have an adverse impact on our business and results of operations, should any of them materialise. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares:

- increase in interest rates may adversely affect our access to capital and increase our borrowing costs, if any, which may constrain our ability to grow our business and operate profitably;
- downgrade of India's sovereign debt rating by an independent agency;
- political instability, resulting from a change in governmental or economic and fiscal policies, may adversely affect economic conditions in India;
- strikes, lock-outs, work stoppages or increased wage demands by employees, suppliers or other service providers;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war;
- fires and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations.
- India has experienced epidemics and natural calamities such as earthquakes, tsunamis, floods, and drought in recent years;
- financial instability and turmoil in other countries; and
- contagious diseases such as the COVID-19 pandemic, the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. A worsening of the current COVID-19 pandemic or any similar future outbreaks of COVID-19, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region.

We are dependent on domestic and regional economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares. Our performance and the growth of our business depend on the overall performance of the Indian economy as well as the economies of the regional markets in which we operate.

#### ***41. Our operations may be adversely affected by the effects of health pandemics, civil disturbances, social unrest, hostilities or acts of terrorism, natural disasters such as extreme weather events and other criminal activities.***

Certain events that are beyond our control, such as health pandemics, terrorist attacks, natural calamities and other acts of violence or war, may adversely affect worldwide financial and Indian markets, and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy.

India has experienced social unrest in some parts of the country. If such tensions occur in other parts of the country leading to overall political and economic instability, it could have an adverse effect on our business, financial condition, results of operations and the trading price of our Equity Shares. India has also experienced natural calamities such as earthquakes, tsunamis, floods and droughts in the past. Instances of floods or other natural calamities could have an adverse effect on our business, financial condition, results of operations and the trading price of our Equity Shares. Such events may result in a temporary decline in the number of patients who seek clinical testing services or in our employees' ability to perform their duties. In addition, such events may temporarily interrupt our ability to transport specimens, to receive materials from our suppliers or otherwise to provide our services.

**42. *Changing laws, rules and regulations and legal uncertainties, including any adverse application of tax laws and regulations across the multiple states we operate in, could have an adverse effect on our business, financial condition, results of operations and cash flows***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example:

- the Government of India has implemented a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure. In this regard, the Constitution (One hundred and first Amendment) Act, 2016 enables the Government of India and state governments to introduce GST. Any future increases or amendments may adversely affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions become greater than anticipated, it could affect the profitability of such transactions; and
- the Finance Act, 2021 has introduced various amendments having an impact across various sectors including the sector in which we operate. For further details in relation to the risks relating to the Finance Act, 2021, see “- *Investors may be subject to Indian taxes arising out of capital gains on the sale of Equity Shares*” on page 39.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. 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. Uncertainty in the application, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent 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 businesses in the future.

**43. *Investors may not be able to enforce a judgment of a foreign court against us, our Directors, the Book Running Lead Managers or any of their directors and executive officers in India respectively, except by way of a law suit in India***

Our Company is incorporated under the laws of India. Our Company’s assets are located in India and all of our Company’s Directors and Key Managerial Personnel are residents of India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy or if judgments are in breach or contrary to Indian law.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 (“CPC”). India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore, United Arab Emirates and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the CPC. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general laws, including securities laws of the non-reciprocating territory, including United States, would not be enforceable in India under the CPC as a decree of an Indian court.

The United Kingdom, Singapore, United Arab Emirates and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, 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 recognise 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 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. The CPC only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India

cannot be enforced by proceedings in execution 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 favour 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. 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.

***44. 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 the Equity Shares.***

Foreign ownership of Indian securities is subject to Government regulation. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the pricing and reporting requirements specified under applicable laws. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified under such applicable laws, then prior regulatory or government approval is required. 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. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the Department for Promotion of Industry and Internal Trade and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares a 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, as prescribed in the Consolidated FDI Policy and the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular term or at all. For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 285.

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

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

***46. A slowdown in economic growth in India or political instability or changes in the Government in India could adversely affect our business.***

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. In the recent past, Indian economy has been affected by global economic uncertainties and liquidity crisis, domestic policy and political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture, rising inflation rates and various other factors. Risk management initiatives by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operation and the trading price of our Equity Shares. Volatility, negativity, or uncertain economic conditions could undermine the business confidence and could have a significant impact on our results of operations. Changing demand patterns from economic volatility and uncertainty could have a significant negative impact on our results of operations.

***47. Any adverse change in India's sovereign credit rating by an international rating agency could adversely affect our business, results of operations and cash flows.***

Our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB with a "negative" outlook (Fitch) in June 2020; and from BBB "stable" to BBB "negative" by DBRS in May 2020. India's sovereign ratings from S&P is BBB-with a "stable" outlook. Any such adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise debt financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our



business and financial performance and the price of the Equity Shares.

***Risks relating to the Equity Shares and the Offer***

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

The Offer Price of the Equity Shares shall be determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, and through the Book Building Process. This price would be based on numerous factors, as described under “Basis for Offer Price” on page 71 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Offer Price.

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

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares shall be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

***50. Fluctuation 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 Stock Exchanges. 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 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.

***51. You may not be able to immediately sell any of the Equity Shares you subscribe to in this Offer on an Indian Stock Exchange.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted till the Equity Shares in this Offer have been issued and allotted and all relevant documents are submitted to the Stock Exchanges. Further, certain actions must be completed prior to the commencement of listing and trading of the Equity Shares such as the demat accounts of the Investors are expected to be credited within three Working Days of the date on which the Basis of Allotment is finalised with the Designated Stock Exchange. In addition, upon receipt of listing and trading approval from the Stock Exchanges, trading of Equity Shares is expected to commence within six Working Days from Bid/ Offer Closing Date. However, we cannot assure you that the trading in the Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

***52. There is no assurance that our Equity Shares will remain listed on the stock exchange.***

Although it is currently intended that the Equity Shares will remain listed on the Stock Exchanges, there is no guarantee of the continued listing of the Equity Shares. Among other factors, we may not continue to satisfy the listing requirements of the Stock Exchanges. Accordingly, Shareholders will not be able to sell their Equity Shares through trading on the Stock Exchanges if the Equity Shares are no longer listed on the Stock Exchange.

***53. Any 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 the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares or convertible securities or other equity-linked securities.

**54. *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.***

A public company 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 the 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.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of a securities transaction tax (“STT”), on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be 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. Generally, 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.

The Finance Act, 2019, had clarified that in the absence of a specific provision under an agreement, the buyer shall be liable to pay stamp duty in case of sale of securities through stock exchanges, and the transferor shall be liable to pay stamp duty in case of transfer for consideration through a depository. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These provisions have been notified with effect from July 1, 2020. The Government of India had announced the union budget for financial year 2022 and the Finance Act, 2021 received assent from the President of India on March 28, 2021 and was made effective from April 1, 2021. There is no certainty on the impact that the Finance Act, 2021 may have on our business and operations or in the industry we operate in.

**56. *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.***

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 all necessary formalities for listing and commencement of trading of our Equity Shares on the Stock Exchanges where such Equity Shares are proposed to be listed and the Allotment pursuant to the Offer within such period as may be prescribed under applicable law, events affecting the Bidders’ decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders’ ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

**57. *Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of our Equity Shares.***

Foreign ownership of Indian securities is subject to Government regulation. In accordance with foreign exchange regulations currently in effect in India, under certain circumstances RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India or vice-versa if the sale does not meet certain requirements specified by RBI. Additionally, any person who seeks to convert the Rupee proceeds from any such sale into foreign currency and repatriate that foreign currency from India is required to obtain a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm’s length basis, and a higher (or lower, as applicable) price per share may not be permitted. We cannot assure investors that any required approval from RBI or any other government agency can be obtained on terms favourable to a non-resident investor

in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realising gains during periods of price increase or limiting losses during periods of price decline.

**58. *Our ability to raise foreign capital may be constrained by Indian Law.***

As a company registered in India, 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, results of operations and financial condition.

## SECTION III: INTRODUCTION

### THE OFFER

The following table sets forth details of the Offer:

| Equity Shares Offered  |   |
|--|---|
| <b>Offer of Equity Shares<sup>(1)</sup></b>                                  | Up to 35,688,064 Equity Shares, aggregating up to ₹[●] million  |
| <i>The Offer consists of:</i>  |   |
| <b>Offer for Sale<sup>(2)</sup></b>  | Up to 35,688,064 Equity Shares, aggregating up to ₹[●] million  |
| <i>of which:</i>   |   |
| <b>Employee Reservation Portion<sup>(3)</sup></b>                            | Up to 150,000 Equity Shares aggregating up to ₹[●] million  |
| <b>Net Offer</b>   | Up to 35,538,064 Equity Shares aggregating up to ₹[●] million   |
| <b>A) QIB Portion<sup>(4)(5)</sup></b>                                       | Not more than 17,769,031 Equity Shares  |
| <i>of which:</i>   |   |
| - Anchor Investor Portion  | Up to 10,661,418 Equity Shares  |
| - Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed) | 7,107,613 Equity Shares   |
| <i>of which:</i>   |   |
| - Mutual Fund Portion (5% of the Net QIB Portion)                            | 355,381 Equity Shares   |
| - Balance for all QIBs including Mutual Funds                                | 6,752,232 Equity Shares   |
| <b>B) Non-Institutional Portion<sup>(5)</sup></b>                            | Not less than 5,330,710 Equity Shares   |
| <b>C) Retail Portion<sup>(5)</sup></b>                                       | Not less than 12,438,323 Equity Shares  |
| <b>Pre and post-Offer Equity Shares</b>                                      |   |
| Equity Shares outstanding prior to and after the Offer                       | 101,965,926 Equity Shares   |
| <b>Use of Net Proceeds of the Offer</b>                                      | See “Objects of the Offer” on page 69 for information about the use of the proceeds from the Offer. Our Company will not receive any proceeds from the Offer since it only involves the Offer for Sale. |

<sup>(1)</sup> The Offer has been approved by our Board of Directors pursuant to the resolution passed at its meeting dated June 4, 2021, the Draft Red Herring Prospectus was approved by our Board pursuant to a resolution passed on June 4, 2021 and this Red Herring Prospectus has been approved by our Board pursuant to a resolution passed on August 24, 2021. Our Board also took on record the approval for the Offer for Sale for the Offered Shares by the Selling Shareholders pursuant to a resolution dated June 4, 2021.

<sup>(2)</sup> The Equity Shares being offered by the Selling Shareholders are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. The Selling Shareholders have, severally and not jointly, confirmed and approved their participation in the Offer for Sale as set out below:

| Selling Shareholder   | Number of Equity Shares offered in the Offer for Sale | Date of board resolution/ Authorisation |
|---|---|---|
| Dr. S. Surendranath Reddy   | Upto 5,098,296  | June 4, 2021                            |
| Karakoram Limited   | Upto 29,487,290                                       | May 31, 2021                            |
| Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF I | Upto 1,102,478  | May 20, 2021                            |
| <b>Total</b>  | <b>35,688,064</b>                                     |   |

For further details, please see “Offer Procedure – Undertakings by the Selling Shareholders” on page 283.

<sup>(3)</sup> 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), shall be added to the Net Offer. Our Company and the Selling Shareholders, in consultation with the BRLMs, may offer a discount of up to 10% (equivalent to up to ₹[●] per Equity Share) to the Eligible Employees Bidding under the Employee Reservation Portion. The amount of Employee Discount will be advertised in all newspapers wherein the pre-Offer advertisement will be published.

<sup>(4)</sup> Our Company and the Selling Shareholders in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. 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 remaining Equity Shares shall be added to the Net QIB Portion. 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. In the event 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 QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see “Offer Procedure” on page 271.

<sup>(5)</sup> 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 and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see “Offer Structure” on page 269. In case of an undersubscription in the Offer, the Equity Shares proposed for sale by each Selling Shareholder shall be in proportion to the Offered Shares by such Selling Shareholder.

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder 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. For further details, see “Offer Procedure” on page 271. For

details of the terms of the Offer, see “*Terms of the Offer*” on page 264. For details, including in relation to grounds for rejection of Bids, refer to “*Offer Structure*” and “*Offer Procedure*” on pages 269 and 271, respectively.

## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Financial Information for the three month periods ended June 30, 2021 and June 30, 2020 and Fiscals ended March 31, 2021, March 31, 2020 and March 31, 2019. 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 161 and 225, respectively.

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# RESTATED CONSOLIDATED BALANCE SHEET DATA

(₹ in million)

| Particulars   | As at           |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | June 30, 2021   | June 30, 2020   | March 31, 2021  | March 31, 2020  | March 31, 2019  |
| <b>ASSETS</b>   |                 |                 |                 |                 |                 |
| <b>NON-CURRENT ASSETS</b>                                 |                 |                 |                 |                 |                 |
| Property, plant and equipment                             | 1,341.97        | 1,395.22        | 1,357.64        | 1,398.47        | 1,437.29        |
| Capital work-in-progress                                  | 60.71           | 153.49          | 81.82           | 92.61           | 27.09           |
| Goodwill  | 53.37           | 53.37           | 53.37           | 53.37           | 68.79           |
| Other intangible assets                                   | 14.98           | 9.26            | 6.01            | 10.36           | 7.46            |
| Right of use asset  | 1,452.58        | 1,277.17        | 1,260.01        | 1,253.77        | 1,078.81        |
| Intangible assets under development                       | 3.51            | 3.65            | 12.36           | 3.65            | -               |
| Financial assets  |                 |                 |                 |                 |                 |
| (i) Investments   | 0.40            | 0.40            | 0.40            | 0.40            | 0.40            |
| (ii) Other financial assets                               | 185.13          | 52.30           | 122.22          | 54.85           | 43.18           |
| Deferred tax assets, (net)                                | 69.55           | 51.65           | 60.97           | 15.81           | 11.78           |
| Income tax assets (net)                                   | 3.70            | 8.81            | 5.70            | 9.13            | 8.41            |
| Other assets  | 77.91           | 34.98           | 61.09           | 66.62           | 6.50            |
|   | <b>3,263.81</b> | <b>3,040.30</b> | <b>3,021.59</b> | <b>2,959.04</b> | <b>2,689.71</b> |
| <b>CURRENT ASSETS</b>                                     |                 |                 |                 |                 |                 |
| Inventories   | 62.95           | 35.31           | 26.44           | 27.73           | 21.78           |
| Financial assets  |                 |                 |                 |                 |                 |
| (i) Investments   | 279.57          | 12.75           | 276.27          | 546.74          | 688.37          |
| (ii) Trade receivables                                    | 55.52           | 72.27           | 64.08           | 79.97           | 91.25           |
| (iii) Cash and cash equivalents                           | 101.58          | 306.26          | 66.86           | 555.69          | 96.21           |
| (iv) Bank balances other than Cash and cash equivalents   | 2,147.90        | 1,371.42        | 1,875.55        | 626.23          | 430.12          |
| (v) Other financial assets                                | 93.30           | 23.67           | 51.89           | 5.42            | 29.72           |
| Other current assets                                      | 41.15           | 39.85           | 26.72           | 21.74           | 17.14           |
|   | <b>2,781.97</b> | <b>1,861.53</b> | <b>2,387.81</b> | <b>1,863.52</b> | <b>1,374.59</b> |
| <b>TOTAL ASSETS</b>                                       | <b>6,045.78</b> | <b>4,901.83</b> | <b>5,409.40</b> | <b>4,822.56</b> | <b>4,064.30</b> |
| <b>EQUITY AND LIABILITIES</b>                             |                 |                 |                 |                 |                 |
| <b>EQUITY</b>   |                 |                 |                 |                 |                 |
| Equity share capital                                      | 101.97          | 45.32           | 45.32           | 45.32           | 45.29           |
| Instruments entirely equity in nature                     | -               | -               | -               | -               | 24.13           |
| Other equity  | 3,821.29        | 2,718.93        | 3,544.74        | 2,700.11        | 2,004.40        |
| <b>Equity attributable to owners of the Company</b>       | <b>3,923.26</b> | <b>2,764.25</b> | <b>3,590.06</b> | <b>2,745.43</b> | <b>2,073.82</b> |
| Non-controlling interest                                  | 5.82            | (5.97)          | 2.26            | (4.04)          | (3.72)          |
|   | <b>3,929.08</b> | <b>2,758.28</b> | <b>3,592.32</b> | <b>2,741.39</b> | <b>2,070.10</b> |
| <b>LIABILITIES</b>  |                 |                 |                 |                 |                 |
| <b>NON-CURRENT LIABILITIES</b>                            |                 |                 |                 |                 |                 |
| Financial liabilities                                     |                 |                 |                 |                 |                 |
| (i) Borrowings  | -               | 197.41          | 32.75           | 221.33          | 315.35          |
| (ii) Lease liabilities                                    | 1,463.36        | 1,248.64        | 1,264.72        | 1,196.10        | 1,034.16        |
| (iii) Other financial liabilities                         | 0.73            | 6.80            | 2.18            | 8.75            | 18.73           |
| Provisions  | 80.66           | 76.79           | 77.02           | 67.41           | 53.19           |
| Other liabilities   | 0.82            | 0.91            | 0.53            | 1.18            | 1.37            |
|   | <b>1,545.57</b> | <b>1,530.55</b> | <b>1,377.20</b> | <b>1,494.77</b> | <b>1,422.80</b> |
| <b>CURRENT LIABILITIES</b>                                |                 |                 |                 |                 |                 |
| Financial liabilities                                     |                 |                 |                 |                 |                 |
| (i) Borrowings  | 11.92           | 109.15          | 11.97           | 107.07          | 108.91          |
| (ii) Lease liabilities                                    | 108.23          | 90.52           | 101.03          | 87.77           | 72.64           |
| (iii) Trade payables                                      |                 |                 |                 |                 |                 |
| - Due to micro and small enterprises                      | 1.01            | 0.07            | 2.68            | 0.33            | -               |
| - Due to creditors other than micro and small enterprises | 258.24          | 201.73          | 218.88          | 216.60          | 217.54          |
| (iv) Other financial liabilities                          | 82.97           | 182.63          | 61.27           | 129.69          | 114.96          |
| Income tax liabilities                                    | 78.54           | 5.88            | 16.24           | 14.47           | 15.99           |
| Provisions  | 8.88            | 10.57           | 7.36            | 10.37           | 10.80           |
| Other liabilities   | 21.34           | 12.45           | 20.45           | 20.10           | 30.56           |
|   | <b>571.13</b>   | <b>613.00</b>   | <b>439.88</b>   | <b>586.40</b>   | <b>571.40</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       | <b>6,045.78</b> | <b>4,901.83</b> | <b>5,409.40</b> | <b>4,822.56</b> | <b>4,064.30</b> |

#For details in relation to the "Right of Use Assets" see "Financial Statements - Annexure VII - Note 6 (Right of use asset (ROU))" on page 188

^For details in relation to the Bank balances other than cash and cash equivalents see "Financial Statements - Annexure VII - Note 14 "Bank balances other than Cash and cash equivalents" on page 193

# RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS DATA

(₹ in million)

| Particulars   | For the financial period/ year ended |                |                 |                 |                 |
|---|--------------------------------------|----------------|-----------------|-----------------|-----------------|
|   | June 30, 2021                        | June 30, 2020  | March 31, 2021  | March 31, 2020  | March 31, 2019  |
| <b>INCOME</b>   |                                      |                |                 |                 |                 |
| Revenue from operations   | 1,226.86                             | 517.10         | 3,767.46        | 3,388.21        | 2,925.87        |
| Other income  | 32.84                                | 22.82          | 118.47          | 153.61          | 103.57          |
| <b>Total Income</b>   | <b>1,259.70</b>                      | <b>539.92</b>  | <b>3,885.93</b> | <b>3,541.82</b> | <b>3,029.44</b> |
| <b>EXPENSES</b>   |                                      |                |                 |                 |                 |
| Cost of materials consumed  | 210.84                               | 75.54          | 570.95          | 439.06          | 404.78          |
| Employee benefits expense   | 161.47                               | 128.52         | 574.35          | 624.01          | 538.80          |
| Finance costs   | 40.03                                | 38.40          | 152.47          | 153.85          | 135.33          |
| Depreciation and amortisation expense   | 119.21                               | 116.35         | 504.53          | 491.70          | 396.26          |
| Other expenses  | 286.00                               | 174.63         | 962.39          | 998.93          | 901.09          |
| <b>Total expenses</b>   | <b>817.55</b>                        | <b>533.44</b>  | <b>2,764.69</b> | <b>2,707.55</b> | <b>2,376.26</b> |
| <b>Profit/(loss) before tax</b>   | <b>442.15</b>                        | <b>6.48</b>    | <b>1,121.24</b> | <b>834.27</b>   | <b>653.18</b>   |
| <b>Tax expenses:</b>  |                                      |                |                 |                 |                 |
| Current tax   | 117.41                               | 23.60          | 317.41          | 230.64          | 196.66          |
| Deferred tax  | (8.51)                               | (35.22)        | (45.28)         | (21.44)         | (6.20)          |
| <b>Total tax expense</b>  | <b>108.90</b>                        | <b>(11.62)</b> | <b>272.13</b>   | <b>209.20</b>   | <b>190.46</b>   |
| <b>Profit/ (loss) for the period/year</b>   | <b>333.25</b>                        | <b>18.10</b>   | <b>849.11</b>   | <b>625.07</b>   | <b>462.72</b>   |
| <b>Other comprehensive income /(loss) (OCI)</b>   |                                      |                |                 |                 |                 |
| I. Items that will not be reclassified to profit or loss  |                                      |                |                 |                 |                 |
| i. Re-measurement gains/ (losses) of post-employment defined benefit plans  | (0.28)                               | (2.61)         | (0.02)          | (1.75)          | (2.19)          |
| ii. Income tax related to above   | 0.06                                 | 0.62           | (0.12)          | 0.44            | 0.57            |
| <b>Other comprehensive income /(loss) (OCI) for the period/year, net of tax</b>   | <b>(0.22)</b>                        | <b>(1.99)</b>  | <b>(0.14)</b>   | <b>(1.31)</b>   | <b>(1.62)</b>   |
| <b>Total comprehensive income /(loss) (OCI) for the period/year</b>   | <b>333.03</b>                        | <b>16.11</b>   | <b>848.97</b>   | <b>623.76</b>   | <b>461.10</b>   |
| <b>Profit for the period/year attributable to:</b>  |                                      |                |                 |                 |                 |
| Owners of the Company   | 329.69                               | 19.13          | 842.63          | 625.38          | 458.74          |
| Non controlling interests   | 3.56                                 | (1.03)         | 6.48            | (0.31)          | 3.98            |
| <b>Other comprehensive income/(loss) attributable to:</b>   |                                      |                |                 |                 |                 |
| Owners of the Company   | (0.22)                               | (1.09)         | 0.04            | (1.30)          | (1.56)          |
| Non controlling interests   | (0.00)                               | (0.90)         | (0.18)          | (0.01)          | (0.06)          |
| <b>Total comprehensive income/(loss) attributable to:</b>   |                                      |                |                 |                 |                 |
| Owners of the Company   | 329.47                               | 18.04          | 842.67          | 624.08          | 457.18          |
| Non controlling interests   | 3.56                                 | (1.93)         | 6.30            | (0.32)          | 3.92            |
| <b>Earnings per equity share (Face value of Rs 1 each*) (Not annualized for the period ended June 30, 2021 and June 30, 2020)</b> |                                      |                |                 |                 |                 |
| 1. Basic (Rs)   | 3.23                                 | 0.19           | 8.26            | 6.13            | 4.50            |
| 2. Diluted (Rs)   | 3.23                                 | 0.19           | 8.26            | 6.13            | 4.50            |

\*Our Company has, pursuant to a Board resolution dated March 22, 2021 and Shareholders resolution dated March 22, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹1 each. Further subsequent to March 31, 2021, pursuant to a Board resolution dated May 26, 2021 and Shareholders resolution dated May 26, 2021, our Company has capitalised the securities premium account to issue bonus Equity Shares in the ratio of 5 Equity Shares for every 4 Equity Shares held



**RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS DATA**

(₹ in million)

| Particulars   | For the financial period/ year ended |                  |                   |                   |                 |
|---|--------------------------------------|------------------|-------------------|-------------------|-----------------|
|   | June 30,<br>2021                     | June 30,<br>2020 | March 31,<br>2021 | March 31,<br>2020 | March 31, 2019  |
| <b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>  |                                      |                  |                   |                   |                 |
| Profit/(loss) before tax:   | 442.15                               | 6.48             | 1,121.24          | 834.27            | 653.18          |
| <b>Adjustments for:</b>   |                                      |                  |                   |                   |                 |
| Depreciation and Amortisation Expense   | 119.21                               | 116.35           | 504.53            | 491.70            | 396.26          |
| Net gain on sale/ retirement of property, plant and equipment   | (0.51)                               | (0.11)           | (1.56)            | (14.91)           | (3.68)          |
| Profit on slump sale of diagnostic centre   | -                                    | -                | -                 | (18.22)           | -               |
| Interest income   | (28.47)                              | (20.77)          | (95.96)           | (42.63)           | (28.65)         |
| Profit on sale of investment in mutual fund   | -                                    | (1.85)           | (1.57)            | (49.02)           | (9.06)          |
| Provision made /(reversed) for bad and doubtful receivables   | -                                    | 1.37             | 3.39              | 4.61              | 12.07           |
| Fair value movement on financial instruments  | (3.30)                               | -                | (3.29)            | (16.81)           | (43.65)         |
| Liabilities written back  | -                                    | -                | (15.44)           | (7.35)            | (17.36)         |
| Employee stock option expense   | 3.73                                 | 0.78             | 1.96              | 4.10              | 2.22            |
| Finance cost  | 1.88                                 | 8.49             | 20.96             | 40.02             | 37.81           |
| Bad and doubtful debts written-off  | -                                    | -                | 3.32              | 0.57              | 0.39            |
| Advances Written Off  | -                                    | -                | 2.59              | 0.86              | -               |
| Interest expense on lease liabilities   | 33.61                                | 28.01            | 114.13            | 99.25             | 84.69           |
| <b>Operating profit before working capital adjustments</b>  | <b>568.30</b>                        | <b>138.75</b>    | <b>1,654.30</b>   | <b>1,326.44</b>   | <b>1,084.22</b> |
| <b>Adjustments for working capital :</b>  |                                      |                  |                   |                   |                 |
| (Increase)/Decrease in Inventories  | (36.51)                              | (7.58)           | 1.29              | (5.95)            | 2.43            |
| (Increase)/Decrease in trade and other receivables  | 8.55                                 | 6.32             | 9.19              | 7.03              | (26.54)         |
| (Increase)/ Decrease in other financial assets and loans  | 28.55                                | (0.46)           | (19.69)           | (2.04)            | (9.48)          |
| (Increase) in other assets  | (73.52)                              | (14.07)          | (8.40)            | (40.22)           | (22.42)         |
| Increase/ (decrease) in trade payables  | 37.64                                | (14.95)          | 4.67              | (0.62)            | 41.80           |
| Increase/ (decrease) in other financial liabilities   | 39.80                                | (5.29)           | (30.14)           | 11.90             | 28.22           |
| (Decrease) in provision and other liabilities   | (10.25)                              | (3.84)           | (2.58)            | (2.55)            | (6.04)          |
|   | <b>562.56</b>                        | <b>98.88</b>     | <b>1,608.64</b>   | <b>1,293.99</b>   | <b>1,092.19</b> |
| Income tax paid   | (53.11)                              | (31.87)          | (312.21)          | (232.87)          | (186.92)        |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>  | <b>509.45</b>                        | <b>67.01</b>     | <b>1,296.43</b>   | <b>1,061.12</b>   | <b>905.27</b>   |
| <b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>  |                                      |                  |                   |                   |                 |
| Payment for purchase and construction of property, plant and equipment including movement in capital work-in-progress, capital advances and capital creditors | (82.56)                              | (48.70)          | (321.36)          | (475.47)          | (610.39)        |
| Proceeds from disposal of Property, plant and equipment   | 1.81                                 | 0.11             | 9.03              | 100.60            | 19.13           |
| Investment/redemption of debt oriented liquid mutual funds, (net)   | -                                    | 535.73           | 275.31            | 207.46            | 95.83           |
| Deposits placed/ (matured) having original maturity of more than 3 months, net  | (331.95)                             | (745.11)         | (1,308.05)        | (196.15)          | (409.42)        |
| Dividend Received   | -                                    | -                | -                 | -                 | 1.21            |
| Interest received   | 43.57                                | 5.44             | 47.50             | 57.34             | 5.18            |
| <b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>   | <b>(369.13)</b>                      | <b>(252.53)</b>  | <b>(1,297.57)</b> | <b>(306.22)</b>   | <b>(898.46)</b> |
| <b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>  |                                      |                  |                   |                   |                 |
| Repayment of long term borrowings   | (32.75)                              | (22.57)          | (282.60)          | (89.38)           | (94.67)         |
| Proceeds from long term borrowings  | -                                    | -                | -                 | -                 | 168.77          |
| (Repayment) / proceeds from short term borrowing (Net)  | (0.05)                               | 0.72             | (1.08)            | (6.49)            | 19.13           |
| Repayment of lease liabilities (including interest)   | (57.62)                              | (35.70)          | (189.65)          | (167.51)          | (136.02)        |
| Interest paid   | (15.18)                              | (6.36)           | (14.36)           | (32.04)           | (28.98)         |
| <b>NET CASH FLOW FROM/(USED) IN FINANCING ACTIVITIES</b>  | <b>(105.60)</b>                      | <b>(63.91)</b>   | <b>(487.69)</b>   | <b>(295.42)</b>   | <b>(71.77)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>   | <b>34.72</b>                         | <b>(249.43)</b>  | <b>(488.83)</b>   | <b>459.48</b>     | <b>(64.96)</b>  |
| Cash and cash equivalents at the beginning of the period/year   | 66.86                                | 555.69           | 555.69            | 96.21             | 161.17          |
| <b>Cash and cash equivalents at the end of the period/</b>  | <b>101.58</b>                        | <b>306.26</b>    | <b>66.86</b>      | <b>555.69</b>     | <b>96.21</b>    |

| Particulars   | For the financial period/ year ended |                  |                   |                   |                |
|---|--------------------------------------|------------------|-------------------|-------------------|----------------|
|   | June 30,<br>2021                     | June 30,<br>2020 | March 31,<br>2021 | March 31,<br>2020 | March 31, 2019 |
| <b>year</b>   |                                      |                  |                   |                   |                |
| <b>Reconciliation of Cash and Cash equivalents with the Balance Sheet</b> |                                      |                  |                   |                   |                |
|   |                                      |                  |                   |                   |                |
| Cash and Bank Balances as per Balance Sheet                               |                                      |                  |                   |                   |                |
| Balance with banks  |                                      |                  |                   |                   |                |
| On current accounts   | 59.19                                | 230.52           | 58.67             | 552.96            | 87.96          |
| In deposit accounts having maturity less than 3 months                    | 36.25                                | 68.15            | -                 | -                 | -              |
| Cash on hand  | 6.14                                 | 7.59             | 8.19              | 2.73              | 8.25           |
| <b>Cash and cash equivalents at the end of the period/ year</b>           | <b>101.58</b>                        | <b>306.26</b>    | <b>66.86</b>      | <b>555.69</b>     | <b>96.21</b>   |
| <b>Movement in financial liabilities:</b>                                 |                                      |                  |                   |                   |                |
| <b>Opening balance</b>  |                                      |                  |                   |                   |                |
| Non-current borrowings  | 32.75                                | 221.33           | 221.33            | 315.35            | 330.62         |
| Current borrowings  | 11.97                                | 107.07           | 107.07            | 108.91            | 0.41           |
| Lease liabilities   | 1,365.75                             | 1,283.87         | 1,283.87          | 1,101.11          | -              |
| Interest accrued but not due on borrowings                                | 14.57                                | 13.25            | 13.25             | 11.23             | 8.42           |
| <b>Movement</b>   |                                      |                  |                   |                   |                |
| Cash flows  | (105.60)                             | (63.91)          | (487.69)          | (295.42)          | (71.77)        |
| Interest expense  | 34.22                                | 35.12            | 129.80            | 133.32            | 116.48         |
| Other non-cash movements  |                                      |                  |                   |                   |                |
| - Additions / Disposals to lease liabilities (net)                        | 229.85                               | 62.98            | 157.41            | 251.02            | 1,158.13       |
| <b>Closing balance</b>  |                                      |                  |                   |                   |                |
| Non-current borrowings  | -                                    | 197.41           | 32.75             | 221.33            | 315.35         |
| Current borrowings  | 11.92                                | 109.15           | 11.97             | 107.07            | 108.91         |
| Lease liabilities   | 1,571.59                             | 1,339.16         | 1,365.75          | 1,283.87          | 1,106.80       |
| Interest accrued but not due on borrowings                                | -                                    | 13.99            | 14.57             | 13.25             | 11.23          |

## GENERAL INFORMATION

### Registered Office of our Company

3-6-16 & 17, Street No. 19,  
Himayatnagar, Hyderabad 500 029, Telangana, India  
CIN: U85195TG2002PLC039075

### Corporate Office of our Company

# 6-3-883/F, Ground Floor of Family Planning Association of India,  
Panjagutta, Hyderabad 500 082, India

### Address of the RoC with which our Company is registered

Our Company is registered with the RoC situated at the following address:

### Registrar of Companies

2<sup>nd</sup> Floor, Corporate Bhawan  
GSI Post, Tattiannaram, Nagole  
Bandlaguda, Hyderabad 500 068  
Telangana, India

### Board of Directors

As on the date of this Red Herring Prospectus, our Board comprises the following:

| Name                        | Designation                         | DIN      | Address  |
|-----------------------------|-------------------------------------|----------|--|
| Dr. S. Surendranath Reddy   | Executive Chairman                  | 00108599 | No. 8-10-178/3/B, Nagarjuna Hills, Punjagutta, Hyderabad 500 082, Telangana, India   |
| S Geeta Reddy               | Non-Executive Director              | 01073233 | 8-2-178/10/3/B Nagarjuna Hills, Panjagutta, Hyderabad, 500 082, Telangana, India   |
| Sunil Chandra Kondapally    | Executive Director                  | 01409332 | H. No. 8-12-293/82/A/603, road no. 32 and 33, Jubilee Hills, Hyderabad 500 033, Telangana, India                               |
| Nishant Sharma              | Non-executive, Nominee Director     | 03117012 | Tower 2, APT 102, Planet Godrej Simplex Mills, Mahalaxmi, Mumbai 400 011, India  |
| Dr. D Nageshwar Reddy       | Non-executive, Independent Director | 00324725 | A-27 Journalist Colony, Jubilee Hills, Shaikpet Jubilee Hill, Hyderabad, Andhra Pradesh 500 033                                |
| Shekhar Prasad Singh        | Non-executive, Independent Director | 00969209 | 8-2-293/82/PN/176, Road No. 72 Prashasan Nagar, Jubilee Hills, Hyderabad, Andhra Pradesh 500 033                               |
| Satyanaryana Murthy Chavali | Non-executive, Independent Director | 00142138 | 2-293/82/A/408, Plot No.408, Road No-22A, Jubilee Hills, Shaikpet, Hyderabad 500 033, Telangana, India                         |
| Manjula Anagani             | Non-executive, Independent Director | 03501757 | Flat No. 208, Aparna Chandradeep Apartments Road No. 7, Near E Seva Center, Banjara Hills, Hyderabad 500 034, Telangana, India |

For further details of our Directors, see “*Our Management*” on page 138.

### Company Secretary and Compliance Officer

#### V. Sri Lakshmi

3-6-16 & 17, Street No. 19,  
Himayatnagar, Hyderabad, Telangana, India  
Tel: 40-23420411  
E-mail: ir@vijayadiagnostic.in

Investors may contact the Compliance Officer and Company Secretary or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of Allotment Advice, 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.

All Offer related grievances, other than those of Anchor Investors may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid-cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for Retail Individual Investors who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or 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.

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

### Book Running Lead Managers

#### ICICI Securities Limited

ICICI Centre, H. T. Parekh Marg  
Churchgate  
Mumbai 400 020  
Maharashtra, India  
Tel: +91 22 2288 2460  
Email: vijaya.ipo@icicisecurities.com  
Investor grievance e-mail: customercare@icicisecurities.com  
Website: www.icicisecurities.com  
Contact Person: Sameer Purohit/ Nidhi Wangnoo  
SEBI Registration No.: INM000011179

#### Edelweiss Financial Services Limited

6<sup>th</sup> Floor, Edelweiss House  
Off C.S.T.Road, Kalina  
Mumbai 400 098  
Maharashtra, India  
Tel: +91 22 4009 4400  
E-mail: : vijayadiagnostic.ipo@edelweissfin.com  
Website: www.edelweissfin.com  
Investor Grievance email:  
customerservice.mb@edelweissfin.com  
Contact person: Lokesh Shah/Nilesh Roy  
SEBI Registration No.: INM0000010650

#### Kotak Mahindra Capital Company Limited

1st Floor, 27 BKC, Plot No. 27  
G Block, Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051  
Maharashtra, India  
Tel: +91 22 4336 0000  
E-mail: vijayadiagnostic.ipo@kotak.com  
Investor grievance e-mail: kmccredressal@kotak.com  
Website: https://investmentbank.kotak.com  
Contact Person: Ganesh Rane  
SEBI Registration No.: INM000008704

### Inter-se allocation of responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities among the Book Running Lead Managers:

| S. No. | Activity  | Responsibility | Coordinator |
|--------|---|----------------|-------------|
| 1.     | Capital structuring, due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the 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 | BRLMs          | I-Sec       |
| 2.     | Drafting and approval of all statutory advertisement  | BRLMs          | I-Sec       |
| 3.     | 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   | BRLMs          | Edelweiss   |
| 4.     | Appointment of intermediaries - Registrar to the Offer and advertising agency, including coordination of agreements to be entered into with such intermediaries   | BRLMs          | I-Sec       |
| 5.     | Appointment of intermediaries - Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries  | BRLMs          | Kotak       |
| 6.     | International institutional marketing of the Offer, which will cover, <i>inter alia</i> :<br><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> <li>Preparation of roadshow presentation and frequently asked questions</li> </ul>   | BRLMs          | Kotak       |
| 7.     | Domestic institutional marketing of the Offer, which will cover, <i>inter alia</i> :<br><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>   | BRLMs          | I-Sec       |
| 8.     | Non-institutional and retail marketing of the Offer, which will cover, <i>inter alia</i> ,<br><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> </ul>   | BRLMs          | Edelweiss   |

| S. No. | Activity   | Responsibility | Coordinator |
|--------|--|----------------|-------------|
|        | <ul style="list-style-type: none"> <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>   |                |             |
| 9.     | 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   | BRLMs          | Edelweiss   |
| 10.    | Managing the book and finalization of pricing in consultation with the Company   | BRLMs          | I-Sec       |
| 11.    | <p>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.</p> <p>Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the initial and final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer</p> | BRLMs          | Kotak       |

#### **Legal Counsel to our Company and the Promoter Selling Shareholder as to Indian Law**

##### **Cyril Amarchand Mangaldas**

Prestige Falcon Tower  
3<sup>rd</sup> Floor, Brunton Road  
Craig Park Layout, Victoria Road  
Bengaluru 560 001  
**Tel:** +91 80 6792 2000

#### **Legal Counsel to the BRLMs as to Indian Law**

##### **Khaitan & Co**

3<sup>rd</sup> floor, Embassy Quest  
45/1 Magrath Road  
Bengaluru 560 025  
Karnataka, India  
**Tel:** +91 80 4339 7000

#### **International Legal Counsels to the BRLMs**

##### **Sidley Austin LLP**

Level 31, Six Battery Road  
Singapore 049909  
**Tel:** +65 6230 3900

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

IndusLaw  
#1502B, 15th Floor, Tower –1C  
"One World Centre", Senapati Bapat Marg  
Lower Parel, Mumbai 400 013

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

##### **KFin Technologies Private Limited**

Selenium, Tower B,  
Plot No- 31 and 32, Financial District,  
Nanakramguda, Serilingampally  
Hyderabad, Rangareedi 500 032  
Telangana, India  
**Tel:** 40 6716 2222/ 1800 309 4001  
**E-mail:** vijaya.ipo@kfintech.com  
**Investor grievance E-mail:** einward.ris@kfintech.com  
**Website:** www.kfintech.com  
**Contact Person:** M. Murali Krishna  
**SEBI Registration No.:** INR000000221

## Syndicate Members

### Kotak Securities Limited

4<sup>th</sup> Floor, 12 BKC, G Block  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051  
Maharashtra, India  
**Tel:** +91 22 6218 5470  
**E-mail:** umesh.gupta@kotak.com  
**Website:** www.kotak.com  
**Contact Person:** Umesh Gupta  
**SEBI Registration No.:** INZ000200137

### Edelweiss Securities Limited

Edelweiss House, Off CST Road, Kalina  
Mumbai 400 098  
Maharashtra, India  
**Tel:** +91 22 4063 5569  
**E-mail:** prakash.boricha@edelweissfin.com  
**Website:** www.edelweissfin.com  
**Contact Person:** Prakash Boricha  
**SEBI Registration No.:** INZ000166136

## Banker to the Offer

### Escrow Collection Bank/ Refund Bank/ Public Offer Bank/ Sponsor Bank

### HDFC Bank Limited

FIG - OPS Department - Lodha,  
I Think Techno Campus O-3 Level, Next to Kanjurmarg, Railway Station, Kanjurmarg (East)  
Mumbai 400 042  
Maharashtra, India  
**Tel:** +91 22 30752927/28/2914  
**E-mail:** neerav.desai@hdfcbank.com, eric.bacha@hdfcbank.com, Siddharth.jadhav@hdfcbank.com, sachin.gawade@hdfcbank.com, Tushar.gavankar@hdfcbank.com  
Prasanna.uchil@hdfcbank.com/neerav.desai@hdfcbank.com  
**Website:** www.hdfcbank.com  
**Contact Person:** Neerav Desai, Eric Bacha, Siddharth Jadhav, Sachin Gawade, Tushar Gavankar  
**SEBI Registration number:** INBI00000063

## Bankers to our Company

### ICICI Bank Limited

No 9&10, Uma Chambers  
Nagarjuna hills, Panjagutta  
Hyderabad- 500 082  
**Telephone No.:** +91 8978779539  
**Contact Person:** Kaleru Srinivas  
**Website:** www.icicibank.com  
**Email:** kaleru.srinivas@icicibank.com

### HDFC Bank Limited

Ground floor, Kalpavruksha,  
Adj to Laxmi Hyundai show room,  
Himayat Nagar Main Road,  
Hyderabad- 500 029  
**Telephone No.:** +91 9391852801  
**Contact Person:** Pritam Mehta  
**Website:** www.hdfcbank.com  
**Email:** Pritam.mehta@hdfcbank.com

## Designated Intermediaries

### Self-Certified Syndicate Banks

The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at <https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40> or such other website as updated from time to time.

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 appearing in the “list of mobile applications for using UPI in public issues” displayed on the SEBI website. The said list shall be updated on the SEBI website.

## **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, Retail Individual Bidders 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 Investors 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. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> as updated from time to time.

## **Registered Brokers**

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at [www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx) and [www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm), respectively, as updated from time to time.

## **Registrar and Share Transfer Agents**

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 [www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx](http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx) and [www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm) respectively, 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 their name and contact details, is provided on the websites of the Stock Exchanges at [www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx](http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx) and [www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

## **Statutory Auditors to our Company**

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

Salarpuria Knowledge City, Orwell, 6th Floor, Unit-3

Sy.No.83/1, Plot No.2,

Raidurg, Hyderabad- 500081, India

**Tel:** +91 40 6111 6000

**Email:** smahalingam@bsraffiliates.com

**Firm registration number:** 116231W/W-100024

**Peer review number:** 011719

There has been no change in our auditors in the last three years.

## **Experts**

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

Our Company has received written consent dated August 16, 2021 from our Statutory Auditors to include their name as an “expert” as defined under Section 2(38) of the Companies Act, read with Section 26(5) of the Companies Act and SEBI ICDR Regulations, in relation to the Restated Financial Information, the examination report dated August 16, 2021 on the Restated Financial Information, and the statement of special tax benefits dated June 5, 2021 included in this Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

## **Independent Auditors**

The restated financial statements of our Company as of Fiscals 2021, 2020 and 2019 and for the three month period ended June 30, 2021, included in this Red Herring Prospectus, have been examined by B S R & Associates LLP, independent auditors, as stated in their report appearing herein.

### **Monitoring Agency**

As the Offer is an offer for sale of Equity Shares by the Selling Shareholders, our Company is not required to appoint a monitoring agency for this Offer.

### **Appraising Entity**

As the Offer is an offer for sale of Equity Shares by the Selling Shareholders, our Company will not receive any proceeds from the Offer. Accordingly, no appraising entity has been appointed for the Offer.

### **Credit Rating**

As the Offer is an offer for sale of Equity Shares by the Selling Shareholders, there is no credit rating required.

### **IPO Grading**

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

### **Trustees**

As the Offer is an offer for sale of Equity Shares by the Selling Shareholders, the appointment of trustees is not required.

### **Green Shoe Option**

No green shoe option is contemplated under the Offer.

### **Filing**

A copy of the Draft Red Herring Prospectus was filed electronically on 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 emailed 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 this Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act has been filed with the RoC, and a copy of the Prospectus shall be filed with the RoC as required under Section 26 of the Companies Act and through the electronic portal at <http://www.mca.gov.in/mcafoportal/loginvalidateuser.do>.

### **Registrar of Companies**

2<sup>nd</sup> Floor, Corporate Bhawan  
GSI Post, Tattianaram Nagole  
Bandlaguda, Hyderabad, 500 068  
Telangana, India

### **Book Building Process**

Book Building Process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of this Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum Bid Lot size and the amount of Employee Discount, will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and advertised in all editions of Financial Express, an English national daily newspaper and all editions of Jansatta, a Hindi national daily newspaper and Hyderabad edition of Surya Telugu Daily, a Telugu 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 and the Selling Shareholders in consultation with the BRLMs after the Bid/ Offer Closing Date.

**All Bidders, except 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. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during**



**the Bid/ Offer Period and withdraw their Bids on or before the Bid/ Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Offer Period. Allocation to the QIBs (other than Anchor Investors) and Non-Institutional Buyers will be on a proportionate basis while 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.**

Our Company will comply with the SEBI ICDR Regulations and any other directions issued by SEBI in relation to this Offer. In this regard, our Company along with the Selling Shareholders have appointed the BRLMs to manage this Offer and procure Bids for this Offer.

**The Book Building Process is in accordance with guidelines, rules and regulations prescribed by SEBI and are subject to change from time to time. Bidders are advised to make their own judgement about an investment through this process prior to submitting a Bid.**

For further details on the method and procedure for Bidding, see “Offer Structure” and “Offer Procedure” on pages 269 and 271, respectively.

Bidders should note that the Offer is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) final approval of the RoC after the Prospectus is filed with the RoC.

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

For an illustration of the Book Building Process and the price discovery process, see “Offer Procedure” on page 271.

#### **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 intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and offered in the Offer. The extent of underwriting obligations and the Bids to be underwritten by each BRLM shall be as per the Underwriting Agreement. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares pursuant to the Underwriting Agreement:

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.)*

| <b>Name, Address, Telephone Number and Email Address of the Underwriters</b> | <b>Indicative Number of Equity Shares to be Underwritten</b> | <b>Amount Underwritten (₹ in million)</b> |
|--|--|---|
| [●]  | [●]  | [●]                                       |

The abovementioned underwriting commitments are indicative and will be finalised after pricing of the Offer, the Basis of Allotment and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board, the resources of the abovementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board/ IPO Committee, 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.

## CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Red Herring Prospectus, is set forth below:

(In ₹ except share data)

| Sr. No.   | Particulars  | Aggregate value at face value | Aggregate value at Offer Price* |
|-----------|--|-------------------------------|---------------------------------|
| <b>A.</b> | <b>AUTHORIZED SHARE CAPITAL<sup>(1)</sup></b>  |                               |                                 |
|           | 120,500,000 Equity Shares of face value ₹1 each  | 120,500,000                   | [●]                             |
| <b>B.</b> | <b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE AND AFTER THE OFFER</b>   |                               |                                 |
|           | 101,965,926 Equity Shares of face value ₹1 each  | 101,965,926                   | [●]                             |
| <b>C.</b> | <b>PRESENT OFFER</b>   |                               |                                 |
|           | Offer for Sale of up to 35,688,064 Equity Shares by the Selling Shareholders aggregating up to ₹[●] million <sup>(2) (3) (4)</sup> | 35,688,064                    | [●]                             |
|           | Employee Reservation Portion of up to 150,000 Equity Shares <sup>(5)</sup> aggregating up to ₹[●] million                          |                               |                                 |
|           | Net Offer of up to 35,538,064 Equity Shares  | [●]                           | [●]                             |
| <b>D.</b> | <b>SECURITIES PREMIUM ACCOUNT</b>  |                               |                                 |
|           | Before and after the Offer   |                               | 459,022,264                     |

\* To be included upon finalisation of Offer Price

<sup>(1)</sup> For details in relation to the changes in the authorised share capital of our Company, see “History and Certain Corporate Matters – Amendments to the Memorandum of Association” on page 130.

<sup>(2)</sup> The Offer has been authorised by our Board of Directors pursuant to the resolution passed at its meetings dated June 4, 2021, and the Draft Red Herring Prospectus was approved by our Board pursuant to a resolution passed on June 4, 2021. This Red Herring Prospectus has been approved by our Board pursuant to a resolution passed on August 24, 2021.

<sup>(3)</sup> Each Selling Shareholder severally and not jointly confirms that the Offered Shares have been held by such Selling Shareholder for a period of at least one year prior to the filing of the Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. For details on the authorization of each of the Selling Shareholders in relation to their respective Offered Shares, see “The Offer” on page 41.

<sup>(4)</sup> Eligible Employees bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount). 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), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount)

### 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 per Equity Share (₹) | Issue Price per Equity Share (₹) | Nature of consideration | Nature of allotment  | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |
|-------------------|----------------------------------|---------------------------------|----------------------------------|-------------------------|--|------------------------------------|---|
| May 29, 2002      | 10,000                           | 10                              | 10                               | Cash                    | Initial subscription to the MoA <sup>(1)</sup>   | 10,000                             | 100,000                                     |
| January 5, 2006   | 2,000,000                        | 10                              | 10                               | Cash                    | Further allotment <sup>(2)</sup>   | 2,010,000                          | 20,100,000                                  |
| December 14, 2007 | 2,010,000                        | 10                              | -                                | Not Applicable          | Bonus issue in the ratio of one bonus equity shares for every one existing equity Share <sup>(3)</sup> | 4,020,000                          | 40,200,000                                  |
| May 29, 2014      | 215,481                          | 10                              | 57.50                            | Other than cash         | Private Placement <sup>(4)</sup>   | 4,235,481                          | 42,354,810                                  |
| March 28, 2016    | 146,079                          | 10                              | 10                               | Other than cash         | Allotment of equity shares pursuant to the scheme  | 4,381,560                          | 43,815,600                                  |

| Date of allotment | Number of Equity Shares allotted                                    | Face value per Equity Share (₹) | Issue Price per Equity Share (₹) | Nature of consideration | Nature of allotment   | Cumulative number of Equity Shares | Cumulative paid-up Equity Share capital (₹) |             |
|-------------------|---|---------------------------------|----------------------------------|-------------------------|---|------------------------------------|---|-------------|
|                   |   |                                 |                                  |                         | of amalgamation <sup>(5)</sup>  |                                    |   |             |
| March 22, 2017    | 147,253   | 10                              | 3,327.61                         | Cash                    | Private Placement <sup>(6)</sup>  | 4,528,813                          | 45,288,130                                  |             |
| April 10, 2019    | 1   | 10                              | -                                | Not Applicable*         | Conversion of 1,413,071 Series A Compulsory Convertible Preference Shares (“CCPS”) and 3,005 Series B CCPS <sup>(7)</sup> | 4,531,819                          | 45,318,190                                  |             |
|                   | 3,005   | 10                              | -                                | Not Applicable**        |   |                                    |   |             |
| March 22, 2021    | Subdivision of Equity Shares from face value of ₹10 each to ₹1 each |                                 |                                  |                         |   |                                    | 45,318,190                                  | 45,318,190  |
| May 27, 2021      | 56,647,736  | 1                               | -                                | Not Applicable          | Bonus issue in the ratio of five bonus Equity Shares for every four existing Equity Share <sup>(8)</sup>                  | 101,965,926                        | 101,965,926                                 |             |
|                   | Total   |                                 |                                  |                         |   |                                    | 101,965,926                                 | 101,965,926 |

\* Series A CCPS were issued by way of a bonus issue

\*\* Cash was paid at the time of allotment of Series B CCPS

- (1) Allotment of 4,000 equity shares to Dr. S. Surendranath Reddy, 2,000 equity shares to S. Geeta Reddy, 2,000 equity shares to Sunil Chandra Kondapally, 1,000 equity shares to B. Vishnu Priya and 1,000 equity shares to Sura Suprita Reddy
- (2) Allotment of 2,000,000 equity shares to Dr. S. Surendranath Reddy
- (3) Allotment of 2,004,000 equity shares to Dr. S. Surendranath Reddy, 2,000 equity shares to S. Geeta Reddy, 2,000 equity shares to Sunil Chandra Kondapally, 1,000 equity shares to B. Vishnu Priya and 1,000 equity shares to Sura Suprita Reddy.
- (4) Allotment of 212,873 equity shares to Dr. S. Surendranath Reddy in consideration for conveyance and improvements on the properties situated at (i) D. No.: 17-1-383/M, Plot No. 4, Survey Nos. 210/1, 210/2 and 211 of Saidabad, Santosh Nagar, Hyderabad; (ii) D.No.: 50/760A-116 on plot No: 81 and 82 in Sy. No.: 755/B2, Ward No.: 50 LP No: 83/93 at Gayathri Estate, Kurnool; and (iii) D.No: Survey No 15, Habsiguda Village, Habsiguda Rangareddy District in favour of our Company, 1,304 equity shares each to S. Geeta Reddy and Sura Suprita Reddy in consideration for conveyance and improvements on the property situated at D.No.: 1-16-124/A2, A.S. Rao Nagar, Hyderabad.
- (5) Allotment of 100,276 equity shares to Dr. S. Surendranath Reddy, 25 equity shares to S. Geeta Reddy, 45,013 equity shares to Sunil Chandra Kondapally, and 765 equity shares to Sura Suprita Reddy pursuant to the scheme of amalgamation of Vijaya Diagnostic Private Limited, Bhadrakali Medical Center Private Limited, Vijaya Diagnostic Centre (Mancherial) Private Limited with our Company. For details, see "History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last 10 years" on page 133
- (6) Allotment of 147,253 equity shares to Karakoram Limited
- (7) Allotment of one equity share to Dr. S. Surendranath Reddy, 2,897 equity shares to Karakoram Limited and 108 equity shares to Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1
- (8) Allotment of 21,510,635 Equity Shares to Dr. S. Surendranath Reddy, 2,265,910 Equity Shares to S. Geeta Reddy, 5,098,296 Equity Shares to Sunil Chandra Kondapally, 5,098,296 Equity Shares to Sura Suprita Reddy, 15,512 Equity Shares to B. Vishnu Priya, 21,842,437 Equity Shares to Karakoram Limited and 816,650 Equity Shares to Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1

(b) **Preference Share capital**

Our Company does not have any outstanding preference shares as on the date of the filing of this Red Herring Prospectus.

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

Our Company has not issued any equity shares at a price lower than the Offer Price, in the last year.

3. **Offer of shares for consideration other than cash or out of revaluation of reserves**

- (i) Our Company has not issued any equity shares out of revaluation reserves since its incorporation.

- (ii) Our Company has not issued any equity shares for consideration other than cash, as on the date of this Red Herring Prospectus, except as disclosed below:

| Date of allotment | Number of equity shares allotted | Face Value per equity share (₹) | Issue price per equity share (₹) | Reason for allotment   | Benefits accrued to our Company  |
|-------------------|----------------------------------|---------------------------------|----------------------------------|--|--|
| May 29, 2014      | 215,481                          | 10                              | 57.50                            | Private Placement <sup>(1)</sup>   | Conveyance and improvements on the properties situated at ((i) D. No.: 17-1-383/M, Plot No. 4, Survey Nos. 210/1, 210/2 and 211 of Saidabad, Santosh Nagar, Hyderabad; (ii) D.No.: 50/760A-116 on plot No: 81 and 82 in Sy. No.: 755/B2, Ward No.: 50 LP No: 83/93 at Gayathri Estate, Kurnool; and (iii) D.No: Survey No 15, Habsiguda Village, Habsiguda Rangareddy District |
| March 28, 2016    | 146,079                          | 10                              | 10                               | Allotment of equity shares pursuant to the scheme of amalgamation <sup>(2)</sup> | Amalgamation of Bhadrakali Medical Center Private Limited, Vijaya Diagnostic Private Limited, and Vijaya Diagnostic (Mancheria) Private Limited with our Company   |

- (1) Allotment of 212,873 equity shares to Dr. S. Surendranath Reddy in consideration for conveyance and improvements on the properties situated at (i) D. No.: 17-1-383/M, Plot No. 4, Survey Nos. 210/1, 210/2 and 211 of Saidabad, Santosh Nagar, Hyderabad; (ii) D.No.: 50/760A-116 on plot No: 81 and 82 in Sy. No.: 755/B2, Ward No.: 50 LP No: 83/93 at Gayathri Estate, Kurnool; and (iii) D.No: Survey No 15, Habsiguda Village, Habsiguda Rangareddy District in favour of our Company, 1,304 equity shares each to S. Geeta Reddy and Sura Suprita Reddy in consideration for conveyance and improvements on the property situated at D.No.: 1-16-124/A2, A.S. Rao Nagar, Hyderabad.
- (2) Allotment of 100,276 equity shares to Dr. S. Surendranath Reddy, 25 equity shares to S. Geeta Reddy, 45,013 equity shares to Sunil Chandra Kondapally, and 765 equity shares to Sura Suprita Reddy.

#### 4. Offer of Equity Shares pursuant to schemes of arrangement

Except as stated below, our Company has not allotted any Equity Shares pursuant to a scheme of amalgamation approved under Section 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act.

| Date of allotment | Number of equity shares allotted | Face value per equity share (₹) | Issue price per equity share (₹) | Nature of consideration | Nature of transaction  | Cumulative number of equity shares | Cumulative paid-up equity share capital (₹) |
|-------------------|----------------------------------|---------------------------------|----------------------------------|-------------------------|--|------------------------------------|---|
| March 28, 2016    | 146,079                          | 10                              | 10                               | Other than cash         | Allotment of equity shares pursuant to the scheme of amalgamation <sup>(1)</sup> | 4,381,560                          | 43,815,600                                  |

- (1) Allotment of 100,276 equity shares to Dr. S. Surendranath Reddy, 25 equity shares to S. Geeta Reddy, 45,013 equity shares to Sunil Chandra Kondapally, and 765 equity shares to Sura Suprita Reddy pursuant to the scheme of amalgamation of Vijaya Diagnostic Private Limited, Bhadrakali Medical Center Private Limited, Vijaya Diagnostic Centre (Mancheria) Private Limited with our Company. For details, see "History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last 10 years" on page 133.

#### 5. History of the Equity Share capital held by our Promoter

As on the date of this Red Herring Prospectus, our Promoter holds 38,521,195 Equity Shares equivalent to 37.78% of the issued, subscribed and paid-up Equity Share capital of our Company on a fully diluted basis.

##### (a) Build-up of the shareholding of our Promoter in our Company

The details regarding the equity shareholding of our Promoter since incorporation of our Company is set forth in the table below.

| Date of allotment/ transfer and made fully paid-up | Nature of transaction           | No. of Equity Shares | Nature of consideration | Face Value per Equity Share (₹) | Issue/ transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital* (%) | Percentage of the post- Offer capital* (%) |
|--|---------------------------------|----------------------|-------------------------|---------------------------------|--|---|--|
| <b>Dr. S. Surendranath Reddy</b>                   |                                 |                      |                         |                                 |  |   |  |
| May 29, 2002                                       | Initial subscription to the MoA | 4,000                | Cash                    | 10                              | 10   | 0.04                                      | [●]  |
| January 5, 2006                                    | Further allotment               | 2,000,000            | Cash                    | 10                              | 10   | 19.61                                     | [●]  |
| December 14,                                       | Bonus issue in the              | 2,004,000            | Not                     | 10                              | -  | 19.65                                     | [●]  |

| Date of allotment/ transfer and made fully paid-up | Nature of transaction  | No. of Equity Shares | Nature of consideration     | Face Value per Equity Share (₹) | Issue/ transfer Price per Equity Share (₹) | Percentage of the pre- Offer capital* (%) | Percentage of the post- Offer capital* (%) |
|--|--|----------------------|-----------------------------|---------------------------------|--|---|--|
| 2007   | ratio of one bonus equity shares for every one existing equity share                       |                      | Applicable                  |                                 |  |   |  |
| May 29, 2014                                       | Private Placement  | 212,873              | Other than cash             | 10                              | 57.50                                      | 2.09                                      | [●]  |
| March 28, 2016                                     | Allotment of equity shares pursuant to the scheme of amalgamation                          | 100,276              | Other than cash             | 10                              | 10   | 0.98                                      | [●]  |
| December 21, 2016                                  | Transfer of equity shares <sup>(1)</sup>   | (1,296,348)          | Cash                        | 10                              | 1825.83                                    | (12.71)                                   | [●]  |
| March 22, 2017                                     | Transfer of equity shares <sup>(2)</sup>   | (343,199)            | Cash                        | 10                              | 3327.61                                    | (3.37)                                    | [●]  |
| April 10, 2019                                     | Conversion of 1,413,071 Series A CCPS  | 1                    | Not Applicable <sup>#</sup> | 10                              | -  | Negligible                                | [●]  |
| March 22, 2021                                     | Subdivision of Equity Shares from face value of ₹10 each to ₹1 each                        |                      |                             |                                 |  |   |  |
| May 24, 2021                                       | Transfer of Equity Shares <sup>(3)</sup>   | (9,607,522)          | Gift                        | 1                               | -  | (9.42)                                    | [●]  |
| May 27, 2021                                       | Bonus issue in the ratio of five bonus Equity Shares for every four existing Equity Shares | 21,510,635           | Not Applicable              | 1                               | -  | 21.10                                     | [●]  |
| August 13, 2021                                    | Transfer of equity shares <sup>(4)</sup>   | (187,948)            | Cash                        | 1                               | 245  | (0.18)                                    | [●]  |
| August 13, 2021                                    | Transfer of equity shares <sup>(5)</sup>   | (10,000)             | Cash                        | 1                               | 300  | (0.01)                                    | [●]  |
| <b>Total</b>                                       |  | <b>38,521,195</b>    |                             |                                 |  | <b>37.78</b>                              |  |

\*As adjusted for split in the face value of the Equity shares from ₹10 each to ₹1 each

<sup>#</sup> Issuance of Series A CCPS by way of bonus issue

- (1) Transfer of 1,267,097 equity shares from Dr. S. Surendranath Reddy to Karakoram Limited and transfer of 29,251 equity shares to Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1
- (2) Transfer of 330,148 equity shares from Dr. S. Surendranath Reddy to Karakoram Limited and transfer of 13,051 equity shares to Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1
- (3) Transfer of 1,779,658 Equity Shares to S. Geeta Reddy, transfer of 3,774,477 Equity Shares to Sunil Chandra Kondapally, and transfer of 4,053,387 Equity Shares to Sura Suprita Reddy
- (4) Transfer of 7,000 Equity Shares to Akila Narasimhan, 1,500 Equity Shares to D V P R Vittal, 10,000 Equity Shares to Anuj Jain, 10,000 Equity Shares to Krishna Mohan Potala, 2,448 Equity Shares to Shaik Abdul Raheem, 10,000 Equity Shares to Varsha Mehesh Joshi, 7,000 Equity Shares to Sireesha Prabhala, 7,000 Equity Shares to Srujana Lakshmi Kapuganty, 1,200 Equity Shares to Baleswari Golla, 5,000 Equity Shares to Anjaneyavara Prasad Gunturi, 10,000 Equity Shares to Pritam Manohar Patil, 10,000 Equity Shares to Venkatapathy RajasekharaKattari, 5,000 Equity Shares to Umashankar Tallam, 5,150 Equity Shares to Nandigam Santosh Kumar, 3,500 Equity Shares to Divyaraju Alluri, 1,500 Equity Shares to Sudhir Shamgar Borelli, 1,500 Equity Shares to Chakilam Venkateswara Rao, 7,000 Equity Shares to Vijayanand Kelkari, 7,000 Equity Shares to Sriramineni Deepthi, 7,000 Equity Shares to Deepak Bulla, 7,000 Equity Shares to Dileep Kumar Komarapu, 1,500 Equity Shares to Karthik Rayasam, 7,000 Equity Shares to Uma Maheshwari, 1,200 Equity Shares to Pallavi Satish Pawar, 7,000 Equity Shares to Ankit Balani, 7,000 Equity Shares to Chada Pradeep Kumar, 3,000 Equity Shares to SandhyaRani Rachakulla, 7,000 Equity Shares to Bhushan M S., 7,000 Equity Shares to Gurram Swetha, 5,000 Equity Shares to Pavani Vallam, 1,200 Equity Shares to Vaishnavi Danda, 7,000 Equity Shares to Venkatasubba Reddy Yerrabandi, 5,000 Equity Shares to Vikas Maini, and 3.250 Equity Shares to Rajyalakshmi Vadapalli
- (5) Transfer of 6,650 Equity Shares to Chigarapalli Srinivas Kaushik and 3,350 Equity Shares to Preethi Reddy

All the Equity Shares held by our Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares.

As of the date of this Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged.

**(b) Details of Promoter's 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 Promoter, shall be locked in for a period of three years as minimum Promoter's contribution from the date of Allotment and the shareholding of the Promoter 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.
- (ii) Our Promoter has consented pursuant to his letter dated June 4, 2021, to the inclusion of such number

of Equity Shares held by him, as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as minimum Promoter's contribution and have agreed not to sell, dispose, transfer, charge, pledge or otherwise encumber in any manner the minimum Promoter's contribution from the date of filing of this Red Herring Prospectus until the expiry of the lock-in period specified above, or for such other time as required under the SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations

- (iii) Details of the Equity Shares to be locked-in for three years from the date of Allotment as minimum Promoter's contribution are set forth in the table below:

| Name of the Promoter      | Number of Equity Shares locked-in | Date of allotment of Equity Shares and when made fully paid-up* | Nature of allotment  | Face Value per Equity Share (₹) | Issue/ Acquisition price per Equity Share (₹) | Percentage of the pre-Offer paid-up capital (%) | Percentage of the post-Offer paid-up capital (%) | Date up to which Equity Shares are subject to lock-in |
|---------------------------|-----------------------------------|---|--|---------------------------------|---|---|--|---|
| Dr. S. Surendranath Reddy | 20,393,186                        | May 27, 2021  | Bonus issue in the ratio of five bonus Equity Shares for every four existing Equity Shares | 1                               | Not Applicable                                | 20  | 20   | [●]   |

*\*All Equity Shares allotted to our Promoter were fully paid-up at the time of allotment.*

- (iv) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution in terms of Regulation 15 of the SEBI ICDR Regulations.
- (v) In this connection, please note that:
- The Equity Shares offered for Promoter's contribution do not include (i) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets or capitalisation of intangible assets was involved in such transaction, (ii) Equity Shares resulting from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares, which are otherwise ineligible for computation of minimum Promoter's contribution.
  - The minimum Promoter's contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer.
  - Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm.
  - As on the date of this Red Herring Prospectus, none of the Equity Shares held by our Promoter are pledged.
  - All the Equity Shares held by our Promoter shall be in dematerialised form.

(c) **Other lock-in requirements:**

- (i) In addition to the 20% of the fully diluted post-Offer shareholding of our Company held by the Promoter 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 one year from the date of Allotment, including any unsubscribed portion of the Offer for Sale, except for (i) the Equity Shares offered pursuant to the Offer for Sale; (ii) any Equity Shares held by the eligible employees (whether currently employees or not) of our Company which have been or will be allotted to them under the ESOP Plan 2018 and ESOP Schemes 2018; (iii) the minimum promoter's contribution which shall be locked for a period of three years as detailed above; and (iv) the Equity Shares held by VCFs or Category I AIF or Category II AIF or FVCI, 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 one year from the date of purchase by the VCFs or Category I AIF or Category II AIF or FVCI. Accordingly, all

Equity Shares held by Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1 and Karakoram Limited shall be exempt from the aforesaid lock-in requirement since Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1 and Karakoram Limited is a category 1 AIF and FVCI respectively.

- (ii) Our Promoter have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoter's contribution from the date of filing this Red Herring Prospectus, until the expiry of the lock-in 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.
- (iii) Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.
- (iv) The Equity Shares held by any person other than our Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees 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 Takeover Regulations.

## 6. Shareholding Pattern of our Company

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

| Category<br>(I) | Category of<br>shareholder<br>(II) | Number of<br>shareholders<br>(III) | Number of<br>fully paid-up<br>Equity Shares<br>held<br>(IV) | Numbe<br>r of<br>partly<br>paid-<br>up<br>Equity<br>Shares<br>held<br>(V) | Number of<br>shares<br>underlying<br>Depository<br>Receipts<br>(VI) | Total number<br>of shares held<br>(VII)<br>=(IV)+(V)+<br>(VI) | Shareholding<br>as a % of<br>total number<br>of shares<br>(calculated as<br>per SCRR,<br>1957)<br>(VIII) As a %<br>of (A+B+C2) | Number of Voting Rights held in<br>each class of securities<br>(IX) |        |                                   | Number of<br>shares<br>underlying<br>outstanding<br>convertible<br>securities<br>(including<br>warrants)<br>(X) | Shareholding,<br>as a %<br>assuming full<br>conversion of<br>convertible<br>securities ( as a<br>percentage of<br>diluted share<br>capital)<br>(XI)= (VII)+(X)<br>As a % of<br>(A+B+C2) | Number of<br>locked in shares<br>(XII) |  | Number of<br>Shares pledged<br>or otherwise<br>encumbered<br>(XIII) |   | Number of<br>Equity Shares<br>held in<br>dematerialized<br>form<br>(XIV) |
|-----------------|------------------------------------|------------------------------------|---|---|---|---|--|---|--------|-----------------------------------|---|---|--|--|---|---|--|
|                 |                                    |                                    |   |   |   |   |  | Number of Voting Rights   |        | Total as<br>a % of<br>(A+B+<br>C) |   |   | Number<br>(a)                          | As a %<br>of total<br>Shares<br>held (b) | Number<br>(a)   | As a %<br>of total<br>Shares<br>held<br>(b) |  |
|                 |                                    |                                    |   |   |   |   |  | Class:<br>Equity<br>Shares  | Total  |                                   |   |   |  |  |   |   |  |
| (A)             | Promoter and<br>Promoter Group     | 13                                 | 60,951,621  | -   | -   | 60,951,621  | 59.78  | 60,951,621  | 59.78  | 59.78                             | -   | -   | -                                      | -  | -   | -   | 60,951,621   |
| (B)             | Public                             | 41                                 | 41,014,305  | -   | -   | 41,014,305  | 40.22  | 41,014,305  | 40.22  | 40.22                             | -   | -   | -                                      | -  | -   | -   | 41,014,305   |
| (C)             | Non Promoter- Non<br>Public        | -                                  | -   | -   | -   | -   | -  | -   | -      | -                                 | -   | -   | -                                      | -  | -   | -   | -  |
| (C1)            | Shares underlying<br>DRs           | -                                  | -   | -   | -   | -   | -  | -   | -      | -                                 | -   | -   | -                                      | -  | -   | -   | -  |
| (C2)            | Shares held by<br>Employee Trusts  | -                                  | -   | -   | -   | -   | -  | -   | -      | -                                 | -   | -   | -                                      | -  | -   | -   | -  |
|                 | Total                              | 54                                 | 101,965,926   | -   | -   | 101,965,926   | 100.00   | 101,965,926   | 100.00 | 100.00                            | -   | -   | -                                      | -  | -   | -   | 101,965,926  |



7. **Details of equity shareholding of the major Shareholders of our Company**

- (i) The Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them as on the date of this Red Herring Prospectus are set forth in the table below:

| Sr. No. | Name of the Shareholder   | Number of Equity Shares on a fully diluted basis | Percentage of the pre- Offer Equity Share capital (%) on a fully diluted basis |
|---------|---|--|--|
| 1.      | Karakoram Limited   | 39,316,387                                       | 38.56  |
| 2.      | Dr. S. Surendranath Reddy   | 38,521,195                                       | 37.78  |
| 3.      | Sura Suprita Reddy  | 9,176,933  | 9.00   |
| 4.      | Sunil Chandra Kondapally  | 9,106,933  | 8.93   |
| 5.      | S. Geeta Reddy  | 4,058,638  | 3.98   |
| 6.      | Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1 | 1,469,970  | 1.44   |
|         | <b>Total</b>  | <b>101,650,056</b>                               | <b>99.69</b>   |

- (ii) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them 10 days prior to the date of this Red Herring Prospectus are set forth in the table below:

| Sr. No. | Name of the Shareholder   | Number of Equity Shares on a fully diluted basis | Percentage of the pre- Offer Equity Share capital (%) on a fully diluted basis |
|---------|---|--|--|
| 1.      | Karakoram Limited   | 39,316,387                                       | 38.56  |
| 2.      | Dr. S. Surendranath Reddy   | 38,521,195                                       | 37.78  |
| 3.      | Sura Suprita Reddy  | 9,176,933  | 9.00   |
| 4.      | Sunil Chandra Kondapally  | 9,106,933  | 8.93   |
| 5.      | S. Geeta Reddy  | 4,058,638  | 3.98   |
| 6.      | Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1 | 1,469,970  | 1.44   |
|         | <b>Total</b>  | <b>101,650,056</b>                               | <b>99.69</b>   |

- (iii) The Shareholders who held 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 this Red Herring Prospectus are set forth in the table below:

| Sr. No. | Name of the Shareholder   | Number of equity shares* on a fully diluted basis | Percentage of the pre- Offer equity share* capital (%) on a fully diluted basis |
|---------|---|---|---|
| 1.      | Dr. S. Surendranath Reddy   | 2,681,603   | 59.17   |
| 2.      | Karakoram Limited   | 1,747,395   | 38.56   |
| 3.      | Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1 | 65,332  | 1.44  |
|         | <b>Total</b>  | <b>4,494,330</b>                                  | <b>99.17</b>  |

\*equity shares of face value ₹10 each

- (iv) The Shareholders who held 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 this Red Herring Prospectus are set forth in the table below:

| Sr. No. | Name of the Shareholder   | Number of equity shares* on a fully diluted basis | Percentage of the pre- Offer equity share* capital (%) on a fully diluted basis |
|---------|---|---|---|
| 1.      | Dr. S. Surendranath Reddy   | 2,681,603   | 59.21   |
| 2.      | Karakoram Limited   | 1,747,395   | 38.52   |
| 3.      | Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1 | 65,332  | 1.44  |
|         | <b>Total</b>  | <b>4,494,330</b>                                  | <b>99.17</b>  |

\*equity shares of face value ₹10 each

8. **Details of Equity Shares held by our Directors, Key Managerial Personnel, and members of our Promoter Group**

- (i) Except as disclosed below our Directors and Key Managerial Personnel do not hold Equity Shares and employee stock options in our Company:

| S. No.                          | Name                      | No. of Equity Shares | Percentage of the pre-Offer Equity Share Capital (%) | Number of employee stock options outstanding | Percentage of the post-Offer of Equity Share Capital (%) |
|---------------------------------|---------------------------|----------------------|--|--|--|
| <b>Directors of our Company</b> |                           |                      |  |  |  |
| 1.                              | Dr. S. Surendranath Reddy | 38,521,195           | 37.78  | -  | [●]  |
| 2.                              | Sunil Chandra Kondapally  | 9,106,933            | 8.93   | -  | [●]  |
| 3.                              | S. Geeta Reddy            | 4,058,638            | 3.98   | -  | [●]  |
| <b>Sub Total (A)</b>            |                           | <b>51,686,766</b>    | <b>50.69</b>   | -  | [●]  |
| <b>Key Managerial Personnel</b> |                           |                      |  |  |  |
| 1.                              | Sura Suprita Reddy        | 9,176,933            | 9.00   | -  | [●]  |
| 2.                              | Anuj Jain                 | 10,000               | 0.01   | -  | [●]  |
| <b>Sub Total (B)</b>            |                           | <b>9,186,933</b>     | <b>9.01</b>  | -  | [●]  |
| <b>Total (A+B)</b>              |                           | <b>60,873,699</b>    | <b>59.70</b>   | -  | [●]  |

- (ii) Set out below are the details of the Equity Shares held by our Promoter and the members of the Promoter Group, in our Company:

| S. No.                 | Name                      | No. of Equity Shares | Percentage of the pre-Offer Equity Share Capital (%) | Number of employee stock options outstanding | Percentage of the post-Offer Equity Share Capital (%) |
|------------------------|---------------------------|----------------------|--|--|---|
| <b>Promoter</b>        |                           |                      |  |  |   |
| 1.                     | Dr. S. Surendranath Reddy | 38,521,195           | 37.78  | -  | [●]   |
| <b>Sub - Total (A)</b> |                           | <b>38,521,195</b>    | <b>37.78</b>   |  |   |
| <b>Promoter Group</b>  |                           |                      |  |  |   |
| 1.                     | Sura Suprita Reddy        | 9,176,933            | 9.00   | -  | [●]   |
| 2.                     | Sunil Chandra Kondapally  | 9,106,933            | 8.93   | -  | [●]   |
| 3.                     | S. Geeta Reddy            | 4,058,638            | 3.98   | -  | [●]   |
| 4.                     | B. Vishnu Priya           | 27,922               | 0.03   | -  | [●]   |
| 5.                     | Birudavolu Gautam         | 10,000               | 0.01   | -  | [●]   |
| 6.                     | P V Sanjay Kumar          | 10,000               | 0.01   | -  | [●]   |
| 7.                     | P Madhulika Reddy         | 10,000               | 0.01   | -  | [●]   |
| 8.                     | Manjula Kankanathi        | 10,000               | 0.01   | -  | [●]   |
| 9.                     | Birudavolu Jalaja         | 5,000                | 0.00   | -  | [●]   |
| 10.                    | Birudavolu Dayakar Reddy  | 5,000                | 0.00   | -  | [●]   |
| 11.                    | Nanda Birudavolu Kumar    | 5,000                | 0.00   | -  | [●]   |
| 12.                    | Charita Birudavolu Reddy  | 5,000                | 0.00   | -  | [●]   |
| <b>Sub - Total (B)</b> |                           | <b>22,430,426</b>    | <b>22.00</b>   | -  | [●]   |
| <b>Total (A+B)</b>     |                           | <b>60,951,621</b>    | <b>59.78</b>   | -  | [●]   |

9. None of the BRLMs or their respective associates (as defined under the SEBI Merchant Bankers Regulations) hold any Equity Shares in our Company as on the date of this Red Herring Prospectus.
10. There are no partly paid-up Equity Shares as on the date of this Red Herring Prospectus and all Equity Shares were fully paid-up as on the date of allotment.
11. **Employee Stock Option Plan 2018 and ESOP Schemes 2018**

Our Company, pursuant to the resolutions passed by the Board and the Shareholders of the Company on April 13, 2018 and May 3, 2018, respectively adopted the ESOP Plan 2018. The ESOP Plan 2018 was last modified pursuant to the resolutions passed by the Board and the Shareholders of the Company, each dated August 16, 2021. The Board and the Shareholders of the Company through their resolutions passed on meetings held on April 13, 2018 and May 3, 2018, respectively, approved the VDCL Employee Stock Option 2018 – Scheme 1, VDCL Employee Stock Option 2018 – Scheme 2, VDCL Employee Stock Option 2018 – Scheme 3, and VDCL Employee Stock Option 2018 – Scheme 4. The Board and the Shareholders of the Company through their resolutions passed on meetings held on March 22, 2021 and March 24, 2021, respectively, approved VDCL Employee Stock Option 2018 – Scheme 5 and VDCL Employee Stock Option 2018 – Scheme 6. The terms of the ESOP Schemes 2018 were last amended pursuant

to the resolutions passed by the Board and the Shareholders of the Company, each dated August 16, 2021. The maximum number of shares that may be issued pursuant to the exercise of options granted to participants under the ESOP Plan 2018 shall not exceed 1,625,000 Equity Shares. Upon exercise and payment of the exercise price, the option holder will be entitled to be allotted one Equity Share per employee stock option. The ESOP Plan 2018 provides that the maximum number of options granted to any grantee shall not exceed 1.00% of the of the issued share capital (excluding outstanding warrants and conversions) at the date of the grant of options under one or more of the ESOP Schemes 2018 unless an approval of the Shareholders is taken by way of special resolution in a general meeting. The objectives of ESOP Plan 2018 are, among others, for the benefit of the eligible employees of the Company and of its Subsidiaries (present/future) in order to attract and retain qualified, talented and competent personnel, and to reward the hard work, dedication and support of the employees of the Company as well as that of the Subsidiaries. The details of the grants of employee stock options, the terms and conditions of vesting and the price at which such employee stock options can be exercised is provided in the respective ESOP Schemes 2018.

The ESOP Plan 2018 and the ESOP Schemes 2018 have been framed in compliance with the SEBI SBEB Regulations. As on the date of this Red Herring Prospectus, 933,808 employee stock options of face value ₹1 each have been granted by our Company under the ESOP Plan 2018. The details of the ESOP Plan 2018 and the ESOP Schemes 2018 are as follows:

| Particulars  | Fiscal 2019   | Fiscal 2020  | Fiscal 2021  | Three month period ended June 30, 2021 | From June 30, 2021 till the date of the RHP | Cumulative (as on date of the RHP) |
|--|---|--|--|--|---|------------------------------------|
| Options granted  | 472,750*<br>* 1 <sup>st</sup> grant - 463,750<br>2 <sup>nd</sup> grant - 9,000  | 75,780   | 385,278  | Nil                                    | Nil   | 933,808                            |
| Exercise price of options (in ₹)   | 1 <sup>st</sup> grant - 220.00<br>2 <sup>nd</sup> grant - 233.90  | 236.90   | 250.00   | Nil                                    | Nil   | NA                                 |
| Vesting period   | 1 <sup>st</sup> scheme - Four years, starting from 2 <sup>nd</sup> year from grant date<br><br>2 <sup>nd</sup> scheme - Four years, starting from 3 <sup>rd</sup> year from grant date<br><br>3 <sup>rd</sup> scheme - Four years, starting from 3 <sup>rd</sup> year from grant date | 2 <sup>nd</sup> scheme - Four years, starting from 3 <sup>rd</sup> year from grant date<br><br>3 <sup>rd</sup> scheme - Four years, starting from 3 <sup>rd</sup> year from grant date | 4 <sup>th</sup> scheme - 2 <sup>nd</sup> year from grant date<br><br>5 <sup>th</sup> scheme - over a period of three years<br><br>6 <sup>th</sup> scheme - over a period of four years | Nil                                    | Nil   | NA                                 |
| Options vested and not exercised   | Nil   | Nil  | Nil  | Nil                                    | Nil   | Nil                                |
| Options exercised  | Nil   | Nil  | Nil  | Nil                                    | Nil   | Nil                                |
| The total number of Equity Shares arising as a result of exercise of options | Nil   | Nil  | Nil  | Nil                                    | Nil   | Nil                                |
| Options forfeited/lapsed   | 472,750   | 75,780   | Nil  | Nil                                    | Nil   | 548,530                            |
| Variation of terms of options  | Nil   | Nil  | Nil  | Nil                                    | Nil   | Nil                                |
| Money realized by exercise of options  | Nil   | Nil  | Nil  | Nil                                    | Nil   | Nil                                |
| Total number of options in force as on Red Herring Prospectus                | Nil   | Nil  | 385,278  | Nil                                    | Nil   | 385,278                            |
| Employee-wise detail of options granted to:                                  |   |  |  |  |   |                                    |
| i. Key managerial personnel  |   |  |  |  |   |                                    |
| • Narasimha Raju K.A.  | Nil   | Nil  | 40,000   | Nil                                    | Nil   | 40,000                             |
|  | Nil   | Nil  | 20,000   | Nil                                    | Nil   | 20,000                             |

| Particulars  | Fiscal 2019  | Fiscal 2020                                     | Fiscal 2021                                  | Three month period ended June 30, 2021 | From June 30, 2021 till the date of the RHP | Cumulative (as on date of the RHP) |
|--|--|---|--|--|---|------------------------------------|
| <ul style="list-style-type: none"> <li>SV Balaji</li> <li>P Vijaya Bhavani</li> </ul>  | Nil  | Nil   | 10,000                                       | Nil                                    | Nil   | 10,000                             |
| 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 <ul style="list-style-type: none"> <li>Ram Ray</li> <li>Sandhya Rani</li> <li>Anup</li> <li>Narasimha Raju K.A.</li> <li>Puja Gaur</li> <li>SV Balaji</li> </ul>   | 299,300<br>111,950<br>35,000<br>Nil<br>Nil<br>Nil  | Nil<br>18,280<br>Nil<br>30,000<br>25,000<br>Nil | Nil<br>Nil<br>Nil<br>40,000<br>Nil<br>20,000 | Nil<br>Nil<br>Nil<br>Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil<br>Nil<br>Nil<br>Nil      | NA<br>NA<br>NA<br>NA<br>NA<br>NA   |
| iii. Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant   | Nil  | Nil   | Nil  | Nil                                    | Nil   | Nil                                |
| Fully diluted Earnings per Equity Share – (face value ₹1 per Equity Share) pursuant to issue of Equity Shares on exercise of options calculated in accordance with applicable accounting standard for ‘Earnings per Share’   | 4.50   | 6.13  | 8.26   | 3.23                                   | NA  | NA                                 |
| Lock-in  | Nil  | Nil   | Nil  | Nil                                    | Nil   | Nil                                |
| Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and its impact on profits and on the Earnings per Equity Share – (face value ₹1 per Equity Share) | Not Applicable, as the company is calculating employee compensation cost using fair value at grant date  |   |  |  |   |                                    |
| Description of the pricing formula   | The fair value of equity share options is estimated at the date of grant using Black - Scholes model, taking into account the terms and conditions upon which the share options were granted. Based on the historical trends, 50% of stock |   |  |  |   |                                    |

| Particulars  | Fiscal 2019   | Fiscal 2020          | Fiscal 2021          | Three month period ended June 30, 2021 | From June 30, 2021 till the date of the RHP | Cumulative (as on date of the RHP) |
|--|---|----------------------|----------------------|--|---|------------------------------------|
| 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 | options are expected to be vested and exercised, accordingly the total compensation cost recognised in the statement of profit and loss for three months period ended June 30, 2021 is Rs. 3.73 million (March 31, 2021: Rs 1.96 million, March 31, 2020: Rs. 4.10 million, March 31, 2019 - Rs 2.22 million and June 30, 2020 – Rs. 0.78 million). |                      |                      |  |   |                                    |
| <b>Key Assumptions</b>   |   |                      |                      |  |   |                                    |
| • Weighted average exercise price for outstanding options at year/period ended   | 220.90  | 226.56               | 241.89               | 249.70                                 | NA  | NA                                 |
| • Weighted average remaining contractual life for outstanding options at year/period end   | 9.15 Years  | 8.45 Years           | 9.19 Years           | 9.74 Years                             | NA  | NA                                 |
| • Range of exercise prices for outstanding options at year/period end  | 220.00-233.90   | 220.00-236.90        | 220.00-250.00        | 250.00                                 | NA  | NA                                 |
| • Dividend yield   | 1 <sup>st</sup> grant - 0%<br>2 <sup>nd</sup> grant – 0%  | 0%                   | 0%                   | NA                                     | NA  | NA                                 |
| • Risk -free interest rate   | 1 <sup>st</sup> grant - 7.95% 2 <sup>nd</sup> grant -7.84%  | 7.15%                | 6.12%                | NA                                     | NA  | NA                                 |
| • Expected life of options granted in years  | 5.5 Years to 7 Years  | 5.5 Years to 7 Years | 5.5 Years to 7 Years | NA                                     | NA  | NA                                 |
| • Expected volatility  | 1 <sup>st</sup> grant - 21.32% 2 <sup>nd</sup> grant - 24.95%   | 29.52%               | 43.78%               | NA                                     | NA  | NA                                 |
| Impact on profit and Earnings per Equity Share – (face value ₹1 per Equity Share) of the last three years if the accounting policies prescribed in the SEBI SBEB Regulations had been followed in respect of options granted in the last three years   | Not Applicable<br>As the company is calculating employee compensation cost using fair value at grant date.  |                      |                      |  |   |                                    |
| Intention of the Key managerial personnel and whole-time directors who are holders of Equity   | Not Applicable, as none of the options outstanding as on date are vested.   |                      |                      |  |   |                                    |

| Particulars   | Fiscal 2019   | Fiscal 2020 | Fiscal 2021 | Three month period ended June 30, 2021 | From June 30, 2021 till the date of the RHP | Cumulative (as on date of the RHP) |
|---|---|-------------|-------------|--|---|------------------------------------|
| Shares allotted on exercise of options granted to sell their equity shares within three months after the date of listing of Equity Shares pursuant to the Offer   |   |             |             |  |   |                                    |
| Intention to sell Equity Shares arising out of the ESOP Plan 2018 within three months after the listing of Equity Shares, by Directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) | Not Applicable, as none of the options outstanding as on date are vested. |             |             |  |   |                                    |

*Note: The employee stock options, and the exercise price mentioned above are pre-bonus issuance*

12. Except as disclosed below, our Promoter Group, our Promoter, our Directors or their relatives have not purchased, acquired, gifted or sold any securities of our Company during the period of six months immediately preceding the date of filing of this Red Herring Prospectus

| Date of allotment | Number of Equity Shares allotted | Face value per Equity Share (₹) | Issue Price per Equity Share (₹) | Nature of consideration | Nature of allotment  |
|-------------------|----------------------------------|---------------------------------|----------------------------------|-------------------------|--|
| May 27, 2021      | 56,647,736                       | 1                               | Not Applicable                   | Not Applicable          | Bonus issue in the ratio of five bonus Equity Shares for Every four existing Equity Share <sup>(1)</sup> |
| May 24, 2021      | (9,607,522)                      | 1                               | Not Applicable                   | Gift                    | Transfer of Equity Shares <sup>(2)</sup>   |
| August 13, 2021   | (187,948)                        | 1                               | 245                              | Cash                    | Transfer of equity shares <sup>(3)</sup>   |
| August 13, 2021   | (10,000)                         | 1                               | 300                              | Cash                    | Transfer of equity shares <sup>(4)</sup>   |
| August 13, 2021   | (70,000)                         | 1                               | 300                              | Cash                    | Transfer of equity shares <sup>(5)</sup>   |
| August 13, 2021   | (20,000)                         | 1                               | 300                              | Cash                    | Transfer of equity shares <sup>(6)</sup>   |

(1) Allotment of 21,510,635 Equity Shares to Dr. S. Surendranath Reddy, 2,265,910 Equity Shares to S. Geeta Reddy, 5,098,296 Equity Shares to Sunil Chandra Kondapally, 5,098,296 Equity Shares to Sura Suprita Reddy, 15,512 Equity Shares to S. Vishnu Priya, 21,842,437 Equity Shares to Karakoram Limited and 816,650 Equity Shares to Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF I

(2) Transfer of 1,779,658 Equity Shares to S. Geeta Reddy, transfer of 3,774,477 Equity Shares to Sunil Chandra Kondapally, and transfer of 4,053,387 Equity Shares to Sura Suprita Reddy

(3) Transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Akila Narasimhan, transfer of 1,500 Equity Shares from Dr. S. Surendranath Reddy to D V P R Vittal, transfer of 10,000 Equity Shares from Dr. S. Surendranath Reddy to Anuj Jain, transfer of 10,000 Equity Shares from Dr. S. Surendranath Reddy to Krishna Mohan Potala, transfer of 2,448 Equity Shares from Dr. S. Surendranath Reddy to Shaikh Abdul Raheem, transfer of 10,000 Equity Shares from Dr. S. Surendranath Reddy to Varsha Mahesh Joshi, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Sireesha Prabhala, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Lakshmi Srujana K, transfer of 1,200 Equity Shares from Dr. S. Surendranath Reddy to Baleswari Golla, transfer of 5,000 Equity Shares from Dr. S. Surendranath Reddy to Anjaneyavara Prasad Gunturi, transfer of 10,000 Equity Shares from Dr. S. Surendranath Reddy to Pritam Manohar Patil, transfer of 10,000 Equity Shares from Dr. S. Surendranath Reddy to Rajasekhar Kattari, transfer of 5,000 Equity Shares from Dr. S. Surendranath Reddy to Umashankar Tallam, transfer of 5,150 Equity Shares from Dr. S. Surendranath Reddy to Santosh Kumar Nandigam, transfer of 3,500 Equity Shares from Dr. S. Surendranath Reddy to Divyaraju Alluri, transfer of 1,500 Equity Shares from Dr. S. Surendranath Reddy to Sudhir Shamgar Borelli, transfer of 1,500 Equity Shares from Dr. S. Surendranath Reddy to Venkateswara Rao Chakilam, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Vijayanand Kelkari, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Sriramineni Deepthi, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Deepak Bulla, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Dileep Kumar Komarapu, transfer of 1,500 Equity Shares from Dr. S. Surendranath Reddy to Karthik Rayasam, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Uma Maheshwari, transfer of 1,200 Equity Shares from

*Dr. S. Surendranath Reddy to Pallavi Satish Pawar, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Ankit Balani, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Chada Pradeep Kumar, transfer of 3,000 Equity Shares from Dr. S. Surendranath Reddy to SandhyaRani Rachakulla, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Bhushan M S, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Gurrarn, Swetha transfer of 5,000 Equity Shares from Dr. S. Surendranath Reddy to Pavani Vallam, transfer of 1,200 Equity Shares from Dr. S. Surendranath Reddy to Vaishnavi Danda, transfer of 7,000 Equity Shares from Dr. S. Surendranath Reddy to Venkatasubba Reddy Yerrabandi, transfer of 5,000 Equity Shares from Dr. S. Surendranath Reddy to Vikas Maini and 3.250 Equity Shares to Rajyalakshmi Vadapalli*

- (4) *Transfer of 6,650 Equity Shares from Dr. S. Surendranath Reddy to Chigarapalli Srinivas Kaushik and 3,350 Equity Shares from Dr. S. Surendranath Reddy to Preethi Reddy*
- (5) *Transfer of 5,000 Equity Shares from Sunil Chandra Kondapally to Birudavolu Jalaja, 5,000 Equity Shares from Sunil Chandra Kondapally to Birudavolu Dayakar Reddy, 10,000 Equity Shares from Sunil Chandra Kondapally to Birudavolu Gautam, 5,000 Equity Shares from Sunil Chandra Kondapally to Nanda Kumar Birudavolu, 5,000 Equity Shares from Sunil Chandra Kondapally to Charita Reddy Birudavolu, 10,000 Equity Shares from Sunil Chandra Kondapally to Manjula Kankanathi, 10,000 Equity Shares from Sunil Chandra Kondapally to Rakesh Reddy Tanguturu, 10,000 Equity Shares from Sunil Chandra Kondapally to Adala Vamsee Krishna , 10,000 Equity Shares from Sunil Chandra Kondapally to Sharath Chandra Reddy Gumupati*
- (6) *Transfer of 10,000 Equity Shares from S Geeta Reddy to P Madhulika and 10,000 Equity Shares from S Geeta Reddy to P.V Sanjay Kumar*

13. As of the date of the filing of this Red Herring Prospectus, the total number of our Shareholders is 54.
14. Our Company, our Directors and the BRLMs have not made any or entered into any buy-back arrangements for purchase of Equity Shares.
15. Except for Equity Shares that may be allotted pursuant to the conversion of employee stock options granted under the ESOP Plan 2018 and the ESOP Schemes 2018 and the Equity Shares allotted pursuant to the Offer, there will be no further issue of Equity Shares whether by way of issue of bonus shares, rights issue, preferential issue or any other manner during the period commencing from the date of filing of this Red Herring Prospectus until the listing of the Equity Shares on the Stock Exchanges pursuant to the Offer. or all application monies have been refunded, or the application moneys are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc., as the case may be.
16. There have been no financing arrangements whereby Promoter, our Promoter Group, our Directors, and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity, during a period of six months preceding the date of filing of this Red Herring Prospectus.
17. Our Company presently does not intend or propose and is not under negotiations or considerations 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 further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to any issuance, pursuant to the exercise of employee stock options under the ESOP Plan 2018 and ESOP Schemes 2018.
18. Except employee stock options granted pursuant to the ESOP Plan 2018 and ESOP Schemes 2018, there are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Red Herring Prospectus.
19. There are no outstanding convertible securities or any warrant, option or right to convert a debenture, loan or other instrument which would entitle any person any option to receive Equity Shares, as on the date of this Red Herring Prospectus.

## OBJECTS OF THE OFFER

The objects of the Offer are to (i) to carry out the Offer for Sale of up to 35,688,064 Equity Shares by the Selling Shareholders; and (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges. Our Company will not receive any proceeds from the Offer and all such proceeds (net of any Offer related expenses to be borne by the Selling Shareholders) will go to the Selling Shareholders. For details of the Selling Shareholder and the number of Equity Shares offered by the Selling Shareholder in the Offer see “*The Offer*” on page 41.

Further, our Company expects that listing of the Equity Shares will enhance our visibility and brand image and provide liquidity to our Shareholders and will also provide a public market for the Equity Shares in India.

### Utilisation of the Net Offer Proceeds by Selling Shareholders

Our Company will not directly receive any proceeds from the Offer (the “**Offer Proceeds**”) and all the Offer Proceeds will be received by the Selling Shareholders, in proportion to the Offered Shares sold by the respective Selling Shareholders as part of the Offer. For details of Offered Shares by each Selling Shareholder, see “*The Offer*” on page 41.

### Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million. The Offer related expenses primarily include the listing fee, fees payable to the BRLMs and legal counsels, fees payable to the auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs’ fees, Registrar’s fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Other than (i) the listing fees, which will be solely borne by our Company; and (ii) fees for counsel to each Selling Shareholder, which shall be solely borne by the respective Selling Shareholders, all costs, charges, fees and expenses that are associated with and incurred in connection with the Offer including, inter-alia, filing fees, book building fees and other charges, fees and expenses of the SEBI, the stock exchanges, the registrar of companies and any other governmental authority, advertising (except any advertisements constituting corporate communication not related to the Offer which shall be solely borne by our Company), printing, road show expenses, fees and expenses of the legal counsel to our Company and the legal counsel to the Managers as to Indian law and the international legal counsel to the Managers, fees and expenses of the statutory auditors (to the extent not attributable to the Offer which shall be solely borne by our Company), registrar fees and broker fees (including fees for procuring of applications), bank charges, fees and expenses of the Managers, syndicate members, self-certified syndicate banks, other designated intermediaries and any other consultant, advisor or third party in connection with the Offer shall be borne by each of the selling shareholders participating in the Offer in proportion to the number of Equity Shares transferred by such Selling Shareholders pursuant to the Offer. All the expenses relating to the Offer shall be paid by our Company in the first instance. Upon commencement of listing and trading of the Equity Shares on the stock exchanges pursuant to the Offer, each Selling Shareholder shall, severally and not jointly, reimburse our Company for any expenses in relation to the Offer paid by our Company on behalf of the respective selling shareholder directly from the Public Offer Account. The estimated Offer related expenses are as under:

| Activity  | Estimated Offer expenses <sup>(1)</sup><br>(₹ in million) | As a % of the total estimated Offer expenses <sup>(1)</sup> | As a % of the total Offer size <sup>(1)</sup> |
|---|---|---|---|
| BRLMs’ fees and commissions (including underwriting commission, brokerage and selling commission)   | [●]   | [●]   | [●]   |
| Selling commission/processing fee for SCSBs and Bankers to the Offer and fee payable to the Sponsor Bank for Bids made by RIBs using UPI <sup>(2)</sup> | [●]   | [●]   | [●]   |
| Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs <sup>(3)(4)</sup>                  | [●]   | [●]   | [●]   |
| Fees payable to the Registrar to the Offer  | [●]   | [●]   | [●]   |
| Fees payable to the other advisors to the Offer   | [●]   | [●]   | [●]   |
| Others  |   |   |   |
| - Listing fees, SEBI filing fees, upload fees, the Stock Exchanges processing fees, book building software fees and other regulatory expenses           | [●]   | [●]   | [●]   |
| - Printing and stationery   | [●]   | [●]   | [●]   |
| - Advertising and marketing expenses  | [●]   | [●]   | [●]   |
| - Fee payable to legal counsels   | [●]   | [●]   | [●]   |
| - Miscellaneous   | [●]   | [●]   | [●]   |
| <b>Total estimated Offer expenses</b>   | [●]   | [●]   | [●]   |

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



- (2) Selling commission payable to the SCSBs on the portion for Retail Individual Investors, Eligible Employees and Non-Institutional Investors which are directly procured by the SCSBs, would be as follows:

|  |  |
|--|--|
| Portion for Retail Individual Investors* | 0.35% of the Amount Allotted (plus applicable taxes) |
| Portion for Eligible Employees*          | 0.25% of the Amount Allotted (plus applicable taxes) |
| Portion for Non-Institutional Investors* | 0.20% of the Amount Allotted (plus applicable taxes) |

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

- (3) No additional uploading/processing fees shall be payable by our Company to the SCSBs on the Bid cum Applications Forms directly procured by them. Processing fees payable to the SCSBs on the portion for Retail Individual Investors, Eligible Employees 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:

|  |  |
|--|--|
| Portion for Retail Individual Investors* | ₹10 per valid Bid cum Application Form (plus applicable taxes) |
| Portion for Eligible Employees*          | ₹10 per valid Bid cum Application Form (plus applicable taxes) |
| Portion for Non-Institutional Investors* | ₹10 per valid Bid cum Application Form (plus applicable taxes) |

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

- (4) Brokerages, selling commission and processing/uploading charges on the portion for Retail Individual Investors (using the UPI mechanism), Eligible Employees and Non-Institutional Investors which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat & bank account provided by some of the brokers which are members of Syndicate (including their Sub-Syndicate Members) would be as follows:

|  |  |
|--|--|
| Portion for Retail Individual Investors* | 0.35% of the Amount Allotted (plus applicable taxes) |
| Portion for Non-Institutional* Investors | 0.20% of the Amount Allotted (plus applicable taxes) |
| Portion for Eligible Employees*          | 0.25% of the Amount Allotted (plus applicable taxes) |

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

The selling commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number/ series of a Syndicate/ Sub-Syndicate Member, is bid by an SCSB, the selling commission will be payable to the SCSB and not the Syndicate/ Sub-Syndicate Member.

The payment of selling commission payable to the sub-brokers / agents of Sub-Syndicate Members are to be handled directly by the respective Sub-Syndicate Member.

The selling commission payable to the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

Uploading charges/ processing charges of ₹30 per valid application (plus applicable taxes) are applicable only in case of bid uploaded by the members of the Syndicate, RTAs and CDPs:

- for applications made by Retail Individual Investors using the UPI Mechanism
- Uploading charges/ processing charges of ₹10 per valid application (plus applicable taxes) are applicable only in case of bid uploaded by the members of the Syndicate, RTAs and CDPs:
- for applications made by Retail Individual Investors using 3-in-1 type accounts
- for Non-Institutional Bids using Syndicate ASBA mechanism / using 3-in-1 type accounts

The Bidding/uploading charges payable to the Syndicate / Sub-Syndicate Members, RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

#### For Registered Brokers

Selling commission payable to the registered brokers on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the Registered Brokers and submitted to SCSB for processing would be as follows:

|   |  |
|---|--|
| Portion for Retail Individual Bidders & Non-Institutional Bidders | ₹10 per valid Bid cum Application Form* (plus applicable taxes). |
|---|--|

\* Based on valid applications.

#### For Sponsor Bank

Processing fees for applications made by Retail Individual Bidders using the UPI Mechanism will be

|   |     |
|---|-----|
| Sponsor Bank  | Nil |
| 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. |     |

### Monitoring of Utilization of Funds

As the Offer is an offer for sale of Equity Shares by the Selling Shareholders, our Company will not receive any proceeds from the Offer. Accordingly, no monitoring agency is appointed for the Offer.

### Other Confirmations

Except to the extent of any proceeds received pursuant to the sale of Equity Shares proposed to be sold by the Selling Shareholders, none of our Promoter, Directors, KMPs, Promoter Group or Group Companies will receive any portion of the Offer Proceeds.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the 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 ₹1 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 110, 21, 225 and 161, 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:

- Largest and fastest growing diagnostic chain with dominant position in south India (*Source: CRISIL Report*), well positioned to leverage the high growth in Indian diagnostics industry;
- Integrated diagnostics provider that offers one-stop solution at affordable price with focus on superior quality standards;
- High brand recall driving high individual consumer business share and customer stickiness;
- Strong technical capabilities, quality infrastructure and state of the art medical technology with strong IT infrastructure; and
- Dedicated management team with significant industry experience

For details, see “Our Business – Our Competitive Strengths” on page 111.

### Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Financial Information. For details, see “Financial Statements” on page 161.

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”), as adjusted for changes in capital:

As derived from the Restated Financial Information

| Financial Year/ period ended                            | Basic EPS^ (Face value of ₹1 each) (in ₹) | Diluted EPS^ (Face value of ₹1 each) (in ₹) | Weight |
|---|---|---|--------|
| Year ended March 31, 2021                               | 8.26                                      | 8.26  | 3      |
| Year ended March 31, 2020                               | 6.13                                      | 6.13  | 2      |
| Year ended March 31, 2019                               | 4.50                                      | 4.50  | 1      |
| <b>Weighted average</b>                                 | <b>6.92</b>                               | <b>6.92</b>                                 |        |
| Three month period ended June 30, 2021 (not annualised) | 3.23                                      | 3.23  |        |
| Three month period ended June 30, 2020 (not annualised) | 0.19                                      | 0.19  |        |

Notes:

The ratios have been computed as under:

1. Basic and diluted EPS: Restated profit for the year attributable to equity shareholders 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;
2. 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

^ Our Company has, pursuant to a Board resolution dated March 22, 2021 and Shareholders resolution dated March 22, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹1 each. Further subsequent to March 31, 2021, pursuant to a Board resolution dated May 26, 2021 and Shareholders resolution dated May 26, 2021, our Company has capitalised the securities premium account to issue bonus Equity Shares in the ratio of 5 Equity Shares for every 4 Equity Shares held.. Basic and diluted EPS are considered post sub-division and bonus issue.

#### B. Price/Earning (“P/E”) ratio in relation to the in relation to 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 | [●]   | [●]  |

| 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 diluted EPS for year ended March 31, 2021 | [●]   | [●]  |

#### Industry Peer Group P/E ratio

| Particulars | P/E Ratio |
|-------------|-----------|
| Highest     | 107.3     |
| Lowest      | 74.4      |
| Average     | 90.8      |

#### C. Return on Net Worth (“RoNW”)

As derived from the Restated Financial Information:

| Financial Period / Year ended  | RoNW (%) | Weight |
|--------------------------------|----------|--------|
| March 31, 2021                 | 23.64%   | 3      |
| March 31, 2020                 | 22.80%   | 2      |
| March 31, 2019                 | 22.35%   | 1      |
| Weighted Average               | 23.14%   |        |
| June 30, 2021 (not annualised) | 8.48%    |        |
| June 30, 2020 (not annualised) | 0.66%    |        |

Notes:

The ratio has been computed as under:

1. Return on net worth %: Profit after tax for the year attributable to equity shareholders of the Company divided by net worth as attributable to equity shareholders of the Company at the end of the year\*100.
2. Net worth = net worth means the aggregate value of paid-up equity share capital and other equity created out of the profits, 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, derived from the Restated Financial Information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation..
3. The Weighted Average Return on Net Worth is a product of Return on Net Worth and respective assigned weight, dividing the resultant by total aggregate weight. i.e. (RoNW x Weight)/for each year/Total of weights

As the Offer consists only of an offer for sale by the Selling Shareholders, there will be no change in the Net Worth post completion of the Offer.

#### D. Net Asset Value (“NAV”) per Equity Share

| As at         | Restated Financial Information (₹) |
|---------------|------------------------------------|
| June 30, 2021 | 38.53                              |
| Offer Price   | [●]                                |

Notes:

Net assets value per share (in ₹): Net asset value per share is calculated by dividing net worth by number of equity shares outstanding at the end of the year.

As the Offer consists only of an offer for sale by the Selling Shareholders, there will be no change in the NAV post completion of the Offer.

#### E. Comparison with Listed Industry Peers

| Name of the company              | Face value per equity share (₹) | P/ E  | Net Profit (₹ in million) | EPS (Basic) (₹) | EPS (Diluted) (₹) | Net worth (₹ in million) | RoNW (%) | Net Asset Value/ Equity Share (₹) | Closing Share Price as on August 11, 2021 (₹ per equity share) |
|----------------------------------|---------------------------------|-------|---------------------------|-----------------|-------------------|--------------------------|----------|-----------------------------------|--|
| Vijaya Diagnostic Centre Limited | 1                               | NA    | 849.11                    | 8.26            | 8.26              | 3,592.32                 | 23.64%   | 35.23                             | NA   |
| Dr. Lal Path Labs Limited        | 10                              | 107.3 | 2,916                     | 35.33           | 35.25             | 12,450                   | 23.42%   | 149.38                            | 3,791.15   |

| Name of the company           | Face value per equity share (₹) | P/ E | Net Profit (₹ in million) | EPS (Basic) (₹) | EPS (Diluted) (₹) | Net worth (₹ in million) | RoNW (%) | Net Asset Value/ Equity Share (₹) | Closing Share Price as on August 11, 2021 (₹ per equity share) |
|-------------------------------|---------------------------------|------|---------------------------|-----------------|-------------------|--------------------------|----------|-----------------------------------|--|
| Metropolis Healthcare Limited | 2                               | 74.4 | 1,831                     | 35.97           | 35.79             | 7,066                    | 25.91%   | 138.23                            | 2,675.65   |

Source: All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual audited financial results of the company for the year ended March 31, 2021

Source for our Company: Based on the Restated Financial Information for the year ended March 31, 2021

Basic and diluted EPS are computed in accordance with Ind AS 33 - Earnings per share.

^Our Company has, pursuant to a Board resolution dated March 22, 2021 and Shareholders resolution dated March 22, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹1 each. Further subsequent to March 31, 2021, pursuant to a Board resolution dated May 26, 2021 and Shareholders resolution dated May 26, 2021, our Company has capitalised the securities premium account to issue bonus Equity Shares in the ratio of 5 Equity Shares for every 4 Equity Shares held. Basic and diluted EPS are considered post sub-division and bonus issue.

Notes:

(1) P/E Ratio has been computed based on the closing market price of equity shares on BSE on August 11, 2021, divided by the Basic EPS.

(2) Net Profit is the Profit for the year attributable to equity shareholders of the Company

(3) Return on net worth %: Profit for the year attributable to equity shareholders of the Company divided by net worth as attributable to equity shareholders of the Company at the end of the year

(4) Net worth has been computed as sum of paid-up share capital and other equity.

(5) NAV is computed as the closing net worth divided by the closing outstanding number of equity shares. Our Company has, pursuant to a Board resolution dated March 22, 2021 and Shareholders resolution dated March 22, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹1 each. Further subsequent to March 31, 2021, pursuant to a Board resolution dated May 26, 2021 and Shareholders resolution dated May 26, 2021, bonus share has been issued in the ratio of 5 equity shares for every 4 equity shares. Net asset value per share is considered post sub-division and bonus issue.

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

The Offer Price of ₹[●] has been determined by our Company and the 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 “Financial Statements” on pages 21, 110, 225 and 161, 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 21 and you may lose all or part of your investment.

## STATEMENT OF SPECIAL TAX BENEFITS

### REPORT ON THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors  
**Vijaya Diagnostic Centre Limited**  
3-6-16 & 17, Street No. 19,  
Himayatnagar,  
Hyderabad – 500 029  
Telangana, India

Date: 05 June 2021

Dear Sirs,

**Subject: Statement of possible special tax benefits (“the Statement”) available to Vijaya Diagnostic Centre Limited (formerly known as ‘Vijaya Diagnostic Centre 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”)**

This report is issued in accordance with the engagement letter dated 12 April 2021.

We hereby report that the enclosed Annexure I and Annexure II prepared by the Company, initialed by us and the Company 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. 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 them. Further, the preparation of the enclosed Annexure I and Annexure 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 through 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 any other person in respect of this Statement.

We hereby give consent to include this Statement in the Draft Red Herring Prospectus, Red Herring Prospectus, 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

**Sriram Mahalingam**

Partner

Membership No.: 049642

ICAI UDIN: 21049642AAAACE5102

Place: Palakkad

Date: 05 June 2021

**Cc:**

**ICICI Securities Limited**

ICICI Centre

H.T. Parekh Marg, Churchgate

Mumbai – 400020

Maharashtra, India

**Edelweiss Financial Services Limited**

6th Floor, Edelweiss House

Off C.S.T. Road,

Kalina

Mumbai - 400 098

Maharashtra, India

**Kotak Mahindra Capital Company Limited**

1<sup>st</sup> Floor, 27 BKC, Plot No. – 27

"G" Block, Bandra Kurla Complex

Bandra (East),

Mumbai – 400051

Maharashtra, India

## ANNEXURE I

| #  | Details of Tax Laws   |
|----|---|
| 1. | Income Tax Act, 1961 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. 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

- 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 year(s) 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 Section 115BAA of the IT Act from the Assessment Year 2020-2021.

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) 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.

- b. 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.
- c. 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."

###### 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 is 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 is also 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 **Vijaya Diagnostic Centre Limited**

Authorized Signatory

Place: Hyderabad

Date: 05 June 2021

## SECTION IV: ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

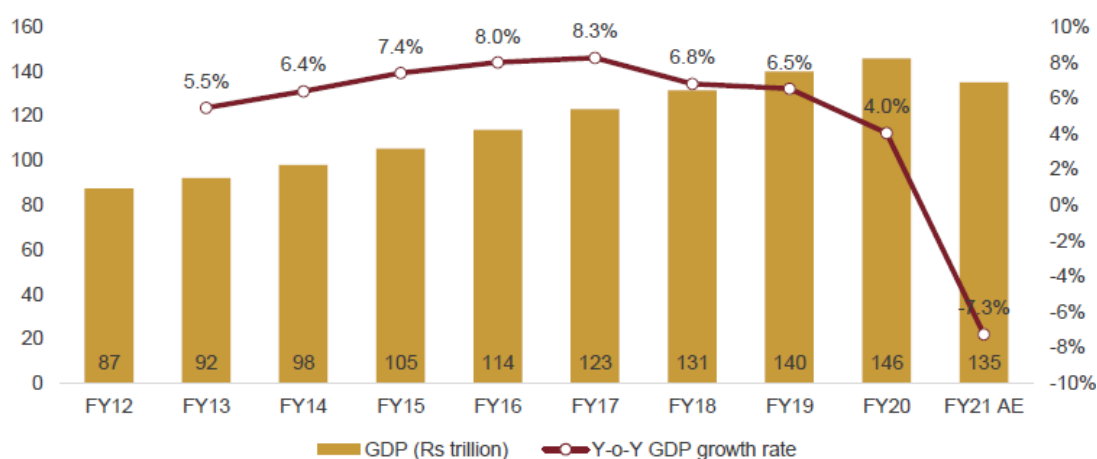
The information contained in this section is derived from the industry report titled “Assessment of the diagnostic industry in India” dated May 2021 and its addendum to the report dated August 2021 (the “CRISIL Report”) prepared and released by CRISIL Limited (“CRISIL Research”) and commissioned and paid for by our Company to confirm our understanding of our industry specifically for the purpose of the Offer. Unless specified otherwise, all information in this section has been derived from the CRISIL Report. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

### MACROECONOMIC OVERVIEW OF INDIA

#### A review of India’s GDP growth

In 2015, the Ministry of Statistics and Programme Implementation (“MoSPI”) changed the base year for calculating the gross domestic product (“GDP”) between fiscal year 2005 and fiscal year 2012. Based on this, India’s GDP increased at an eight-year compound annual growth rate (“CAGR”) of 6.6% to ₹ 146 trillion in fiscal year 2020 from ₹ 87 trillion in fiscal year 2012.

#### Real GDP growth in India (new GDP series)

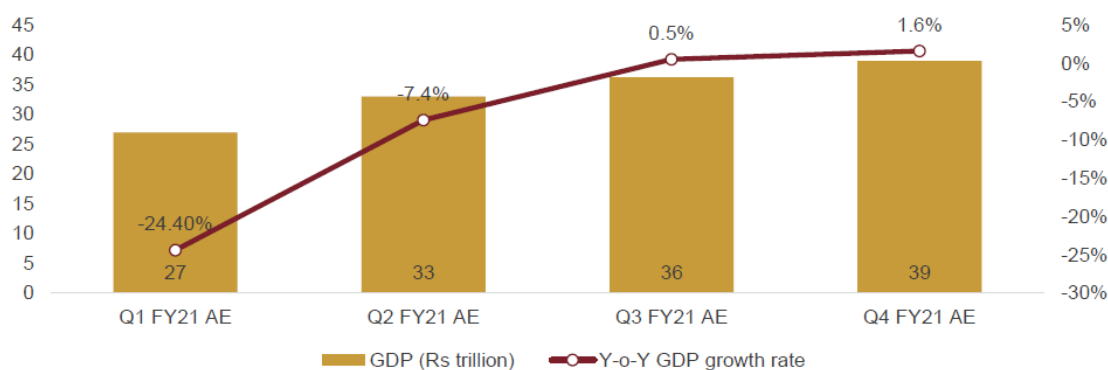


Note: AE: Advance estimates

Source: Provisional estimates of Annual National Income 2020-21, Central Statistics Office (CSO), MoSPI, CRISIL Research

After contracting in the first half of fiscal year 2021 because of the Covid-19 pandemic, the economy rebounded in the second half, growing 0.5% and 1.6% on-year in the third and fourth quarters, respectively. While the economy shrank as a whole in fiscal year 2021, agriculture and allied activities, and electricity, gas, water supply and other utility services were the outliers, logging positive growth. On the other hand, contact-intensive trade, hotels and transport sectors, and services related to broadcasting were hit the most and continued to shrink in all the quarters. Construction – a labour-intensive sector – was also severely hit in the first half, but rebounded in the second half.

### Quarter-wise real GDP growth in FY21



Note: AE: Advance estimates

Source: Provisional estimates of Annual National Income 2020-21, Central Statistics Office (CSO), MoSPI, CRISIL Research

From the supply side i.e., gross value added (“GVA”), a much better measure of the economic performance for last fiscal, the economy shrank a lesser 6.3% (compared with 4.1% growth in fiscal 2020). In absolute terms, real GVA was ₹ 124.5 trillion last fiscal, down from Rs 127.4 trillion in fiscal 2019.

### GVA at basic prices (constant FY12 prices)

| Rs trillion         | FY12 | FY13 | FY14 | FY15 | FY16  | FY17  | FY18  | FY19  | FY20  | FY21AE | CAGR |
|---------------------|------|------|------|------|-------|-------|-------|-------|-------|--------|------|
| GVA at basic prices | 81.1 | 85.5 | 90.6 | 97.1 | 104.9 | 113.3 | 120.3 | 127.4 | 132.7 | 124.5  | 4.9% |
| Y-o-y growth (%)    |      | 5.4% | 6.1% | 7.2% | 8.0%  | 8.0%  | 6.2%  | 5.9%  | 4.1%  | -6.2%  |      |

Note: CAGR is between fiscal 2012 and 2021

Source: CRISIL Research

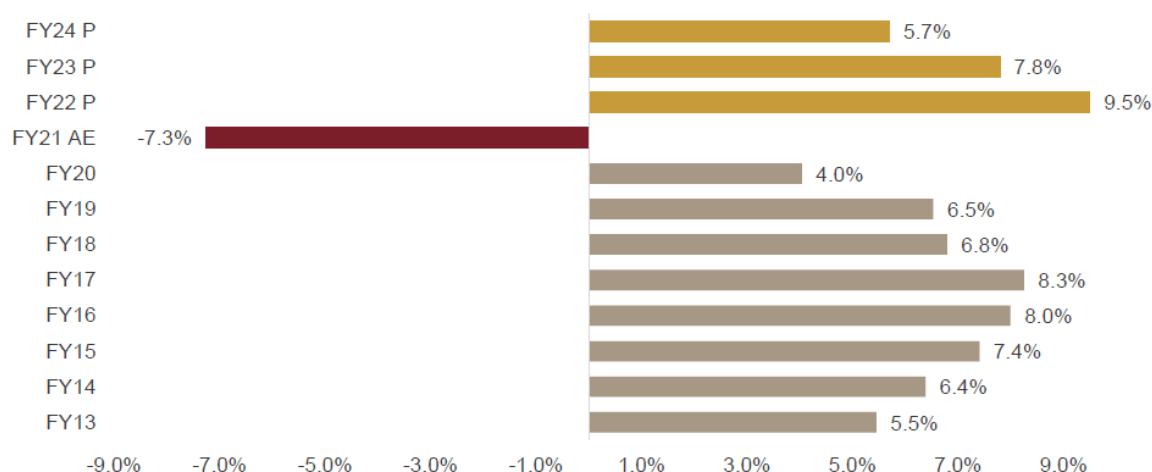
### Fiscal year 2022 base case GDP growth expected to be 9.5%

India is getting back on its feet slowly, with divergent growth trends. Though data suggests there has been some pick-up in recent months, recovery is weak and uneven. The scars of the pandemic continue to run deep for small businesses, the urban poor and most of the services sector.

Fiscal year 2022 is seen emerging as a story of two halves. The first half will be characterised by a base effect-driven recovery amid the challenge associated with resurgence in Covid-19 infections, while a more broad-based growth is expected in the second half, as vaccine rollout and herd immunity support sectors that are lagging. The gains made by the economy in the fourth quarter of fiscal 2021 seem to have fizzled out in the first quarter of fiscal year 2022 because of the fierce second wave of Covid-19, leading to localised lockdowns in most states. At the same time, monetary policy has begun normalising, and some tightness in domestic financial conditions is inevitable. Against this backdrop, policy support remains critical, apart from action in the external environment.

In fiscal year 2021, the policy response to the pandemic focused more on damage control and measures to support the economy. In the current fiscal, the government is expected to normalise some of the extraordinary or unconventional policy moves, while trying to ensure there is smooth revival in growth. This will pertain to most of the services sectors, especially contact-based travel, tourism and entertainment. Also, stronger global growth should support India’s exports to some extent. Revival will not be uniform across sectors, though. So far, the rural economy has been more resilient than the urban.

## Real GDP growth (% on-year)



AE: Advance estimates; P: Projected by CRISIL Research; GDP calls updated as of June 2021;

Source: Provisional estimates of national income 2020-21, CSO, MoSPI, CRISIL Research

### Forecasts fiscal year 2022 GDP growth to rebound to 9.5%

CRISIL Research forecasts that India's GDP growth will rebound to 9.5% in fiscal year 2022, as four drivers converge:

1. **Weak base:** A 7.3% contraction in GDP in fiscal 2021 will provide a statistical push to growth next fiscal.
2. **Global upturns:** Higher global growth in calendar year 2021, as world GDP is set to rise by 5.0%, advanced economies by 4.3% and emerging economies by 6.3%, should lift exports.
3. **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 next fiscal year, especially in the services and unorganised sectors.
4. **Fiscal push:** A stretch in the fiscal year glide path and focus of Union Budget 2021/2022 on capital expenditure are expected to have a multiplier effect on growth.

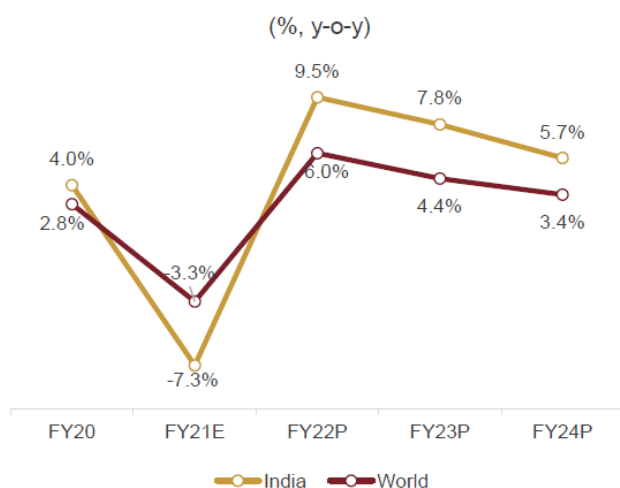
### Risks to the fiscal 2022 forecast

The base case of 9.5% GDP growth assumes that Covid-19 restrictions will continue and mobility will remain affected in some form or other, at least till August. The pace of economic recovery will also be a function of what the pace of vaccination is in the coming months. We find that countries with over 40% of their population vaccinated are seeing a faster and more broad-based economic recovery. The government plans to vaccinate India's entire adult population (68% of total population) by this December – a tall order even if there are sufficient vaccines available. CRISIL Research's base case is 70% of the adult population vaccinated by December.

A third wave would pose a significant downside risk to the growth forecast, as would a slower-than-anticipated pace of vaccination. In such a pessimistic case, CRISIL Research sees GDP growing at 8% in fiscal 2022.

### India expecting to surpass global GDP growth in next three fiscals

## India to surpass global GDP growth in next three fiscals



**GDP growth to rebound to 9.5% in fiscal year 2022 on the back of a very weak base and the rising-global-tide effect**

CRISIL Research sees India's GDP growth rebounding to 9.5% this fiscal 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 fiscal. Services will take longer to recover than manufacturing. Beyond fiscal year 2022, India is seen growing faster than the world. Over fiscal year 2023 to fiscal year 2025, growth is seen averaging at around 6.0% annually.

*Note: Forecasts for World are for calendar year; FY20 corresponds to 2019 and so on; P: Projected; updated as of June 2021; 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's per capita income rose at a healthy pace between fiscal year 2012 and fiscal year 2020

India's per capita income, a broad indicator of living standards, rose from ₹ 63,462 in fiscal year 2012 to ₹ 94,556 in fiscal year 2020, at 5.1% CAGR. This growth was led by better job opportunities, propped up by overall GDP growth. Moreover, population growth remained fairly stable at around 1% CAGR.

### Per capita net national income at constant prices

|                                     | FY12   | FY13   | FY14   | FY15   | FY16   | FY17   | FY18   | FY19   | FY20RE | FY21AE |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Per-capita net national income (Rs) | 63,462 | 65,538 | 68,572 | 72,805 | 77,659 | 82,931 | 87,828 | 92,241 | 94,556 | 86,659 |
| On-year growth (%)                  | 2.1    | 3.3    | 4.6    | 6.2    | 6.7    | 6.8    | 5.9    | 5.0    | 2.5    | -8.4   |

RE: Revised estimates; AE: Advance estimates;

Source: Second Advance Estimates of Annual National Income, 2020-21, CSO, MoSPI, CRISIL Research

## Key fiscal measures by the Centre to deal with the COVID-19 pandemic impact

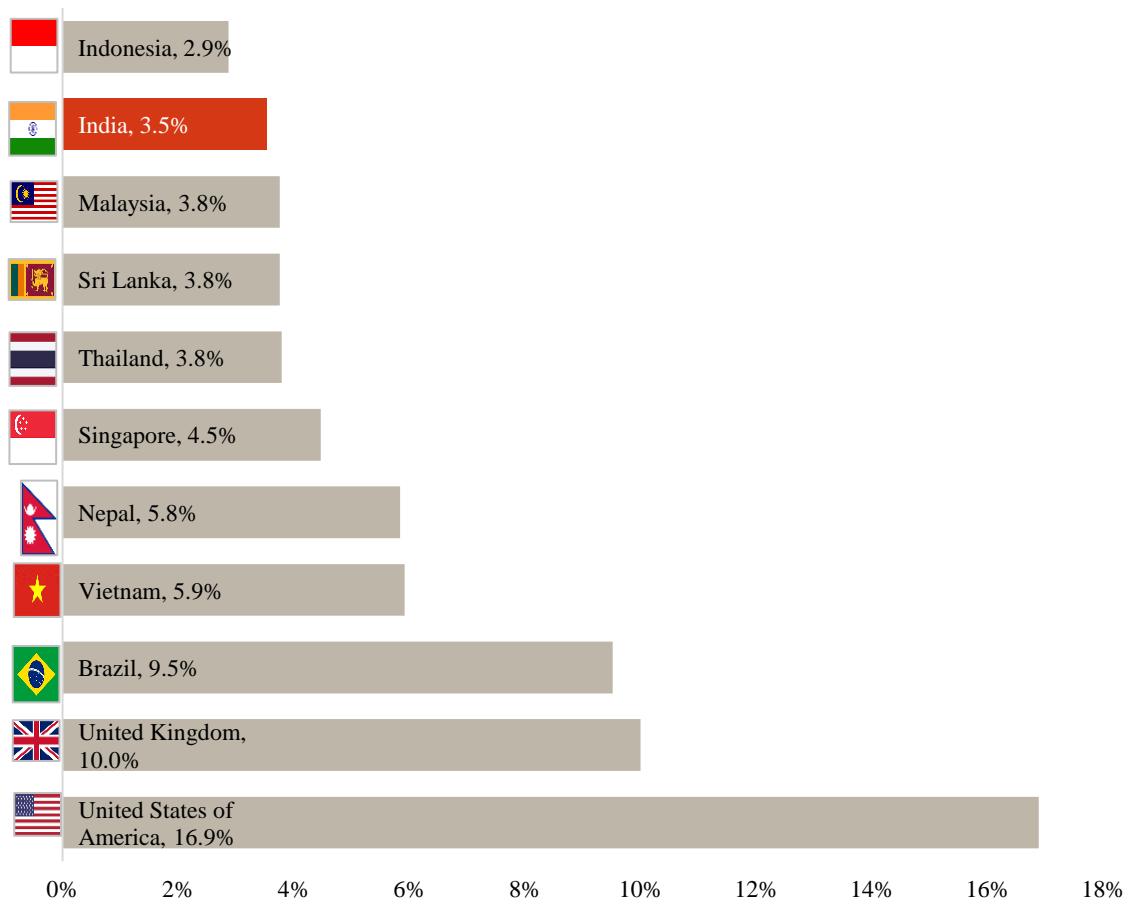
In view of the COVID-19 pandemic's impact on the economy, the Government of India has announced 12 key measures, as part of its stimulus to the economy, under Aatmanirbhar Bharat 3.0. The total stimulus announced by the Government and Reserve Bank of India ("RBI") till date, to help the nation tide over the COVID-19 pandemic, works out to ₹ 29.87 trillion, which is 15% of the national GDP. Out of this, a stimulus worth 9% of GDP has been provided by the Government.

## Social and healthcare-related parameters

### India's current healthcare expenditure lower than other developing countries

According to the Global Health Expenditure Database compiled by the World Health Organization (the "WHO"), India's current expenditure on healthcare was 3.5% of GDP in 2018. To put this into greater perspective, while India's real GDP in fiscal year 2019 was ₹ 139.8 trillion (at constant fiscal year 2012 prices), India's current healthcare expenditure ("CHE") was approximately ₹ 4.9 trillion. In fact, India trailed not just developed countries, such as the US and the UK, but also developing countries, such as Brazil, Malaysia, Nepal, Singapore, Sri Lanka, Thailand, and Vietnam, in terms of healthcare spending as a percentage of GDP as of 2018.

### Current healthcare expenditure as % of GDP (2018)



Source: Global Health Expenditure Database - World Health Organisation, CRISIL Research

India's current healthcare expenditure steadily growing with its GDP but with private sector accounting for lion's share

India's CHE, though, has increased with its expanding GDP. Between 2010 and 2018, the current healthcare expenditure has grown at a CAGR of 6.2%

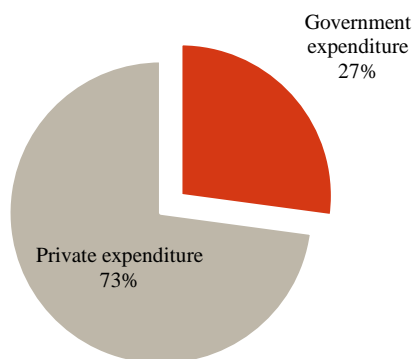
### Current healthcare expenditure (CHE) as % of GDP in India



Source: Global Health Expenditure Database - World Health Organization, CRISIL Research

However, at an overall level, the healthcare expenditure in India is low primarily because of under-penetration of healthcare services and low individual spending on healthcare. Further, India's per-capita total expenditure on healthcare (at international dollar rate, adjusted for purchasing-power parity) was only \$73 in 2018 compared to other emerging countries such as \$112 for Indonesia, \$152 for Vietnam, \$157 for Sri Lanka, \$276 for Thailand, \$427 for Malaysia and \$848 for Brazil.

## General expenditure on health as % of CHE (2018)



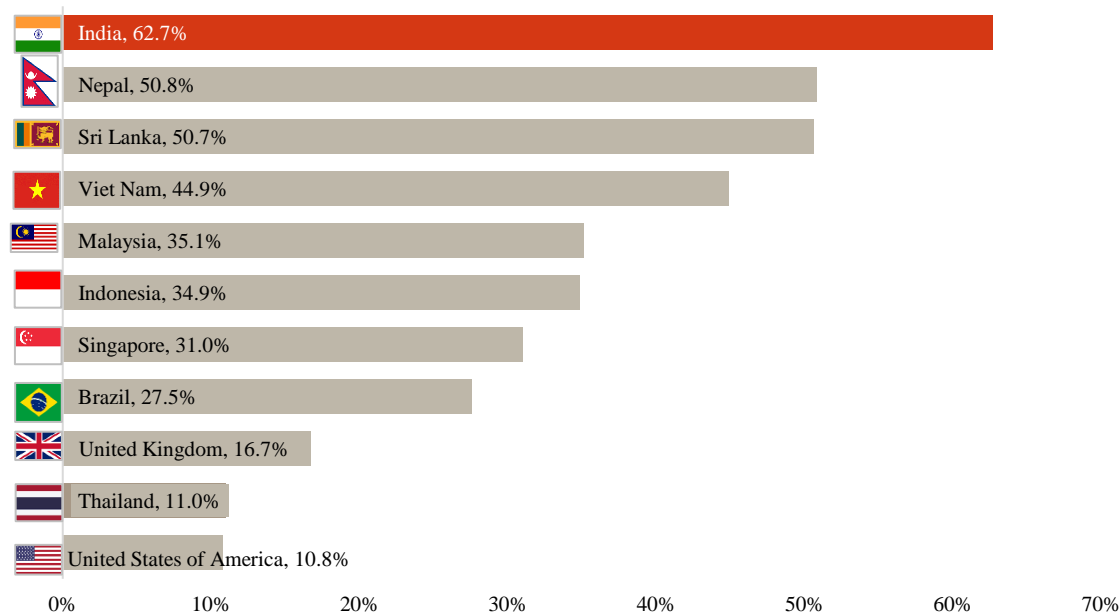
India's CHE is skewed towards private expenditure. Government expenditure on healthcare ranged 20 to 30% of CHE from 2010 to 2018. The government expenditure on health has registered a CAGR of 6.5% between 2010 and 2018. The rest of the expenditure (70 to 80%) was private in nature, i.e. expenditure from resources with no government control, such as voluntary health insurance, and direct payments for health by corporations (profit, not-for-profit, and non-government organisations) and households. However, the Government aims to increase public healthcare expenditure to 2.5% of GDP from the current 1.2%, according to the National Health Policy – 2017.

Source: Global Health Expenditure Database - World Health Organization, CRISIL Research

## Out-of-pocket expenditure towards healthcare is high in India

Private health expenditure includes components such as voluntary health insurance, other private health expenditure and out-of-pocket expenditure. In terms of private health expenditure by means of voluntary health insurance and other private health expenditure (excluding out-of-pocket expenditure), India fares poorly compared with Brazil, Malaysia, South Africa, and Thailand. In India, out-of-pocket expenditure on health accounted for approximately 63% of the total health expenditure as of 2018 (the highest among countries compared).

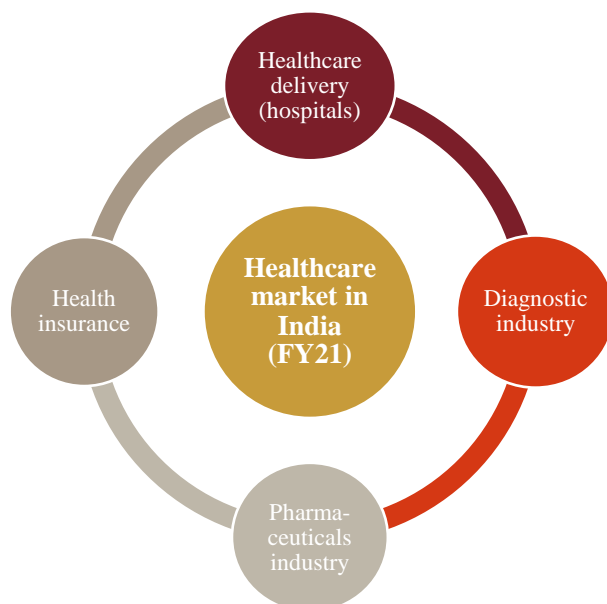
### Out-of-pocket as % of CHE (2018)



Source: Global Health Expenditure Database- World Health Organization, CRISIL Research

## DIAGNOSTIC INDUSTRY IN INDIA

### Structure of healthcare market



Source: CRISIL Research

Healthcare market in India is broadly classified into:

- **Healthcare delivery market (hospitals)** which was valued at approximately ₹ 4,400 billion\* is projected to grow at a CAGR of 17 to 18% during fiscal year 2021 to fiscal year 2025
- **Pharmaceuticals industry** of which the domestic formulations segment was valued at approximately ₹ 1,420 billion\* is projected to grow at a CAGR of 11 to 12% between fiscal year 2021 to fiscal year 2025
- **Diagnostic industry** which was valued at ₹ 710 to ₹ 730 billion\* is projected to grow at a CAGR of 14 to 16% between fiscal year 2021 to fiscal year 2023
- **Healthcare insurance industry** of which the health insurance premium market stood at ₹ 583 billion as of fiscal year 2021 and is expected to achieve a CAGR of 18 to 19% between fiscal year 2021 to fiscal year 2025

\*As per CRISIL Research's estimates for fiscal year 2021

*Note: As there exists a certain degree of overlapping in terms of function and revenue among the segments, these cannot be consolidated to arrive at market size of the Indian healthcare market.*

## Market size of the diagnostic industry in India

### *Diagnostic services is a key sub-segment of Indian healthcare market*

Evidence-based treatment has become the norm for many doctors, as diagnosis enables prescription of correct therapy, and, thereby, faster recovery. Hence, in the spectrum of healthcare delivery services, diagnostic services play the key role of information intermediary, providing useful information for correct diagnosis and treatment of diseases.

Diagnostic services currently have an 8 to 14% share in the overall healthcare spending on account of variation between rural and urban across institutions such as government-owned, charitable/trust-based and private.

### *Indian diagnostic industry to sustain pace of growth up to fiscal years 2023*

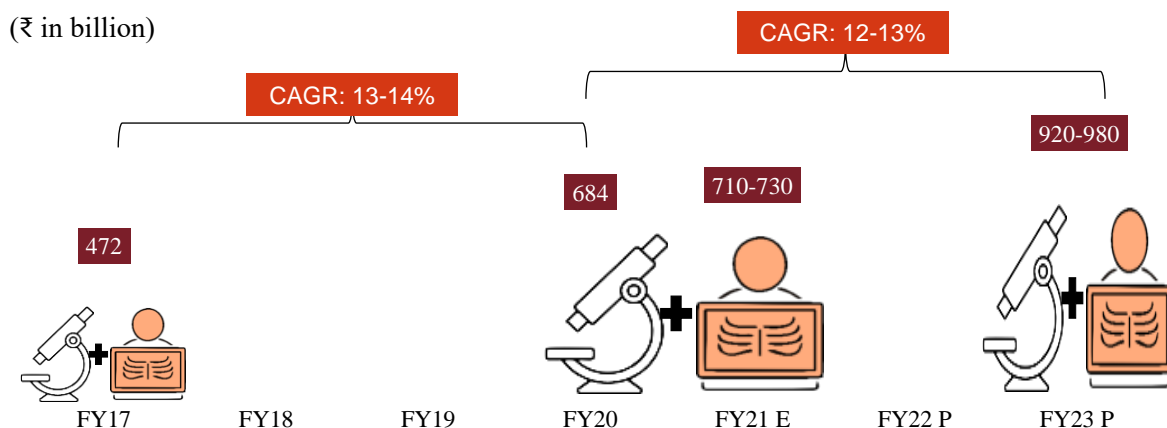
With diagnostic services becoming the cornerstone for recommending requisite treatments, as well as monitoring recovery post-treatment, the industry has posted healthy growth over the past few years. The diagnostic industry achieved a healthy CAGR of 13 to 14% from fiscal years 2017 to 2020, tracking the growth of healthcare delivery services. However, in fiscal year 2021, CRISIL Research estimates the industry's growth rate will sharply decelerate to approximately 4% on-year to ₹ 710 to ₹ 730 billion, owing to the fallout of the COVID-19 pandemic. In fiscal year 2021, COVID-19 put the brakes, albeit temporarily, on the growth story of the diagnostic sector, especially for small laboratories. With treatments at hospitals being deferred, outpatient footfalls dropping and lockdowns in quarter 1 of fiscal year 2021, the regular volume of diagnostic services took a hit. According to industry players, after a sharp fall in revenue in April and May 2020, there was some revival in demand from



June 2020 onwards. Pent-up healthcare demand contributed to revenue during a traditionally lean quarter from a diagnostic perspective, with recovery to pre-COVID-19 levels occurring in the third quarter of fiscal year 2021.

However, between fiscal years 2020 and 2023, the industry is expected to return to a healthy growth trajectory of 12 to 13% CAGR, reaching ₹ 920 to 980 billion. The industry is however expected to achieve a higher CAGR between fiscal year 2021 and fiscal year 2023 in the range of 14 to 16% on account of a low growth in fiscal year 2021 due to the COVID-19 pandemic impact on the industry.

*Indian diagnostic industry holds potential for medium term*



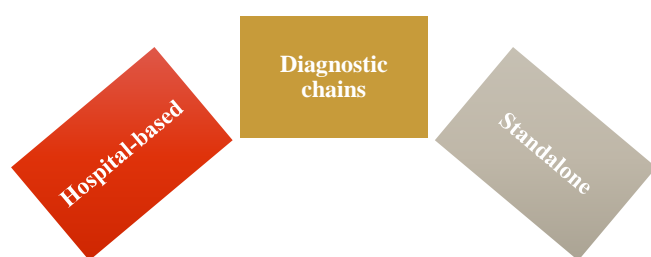
*E: Estimated; P: Projected*

*Source: CRISIL Research*

Going forward, CRISIL Research expects there to be medium-term growth arising from the increase in demand for in-patient as well as outpatients treatments. The demand for diagnostic services in any given year also experiences marginal seasonality during epidemics, such as dengue and malaria, and the flu season. Moreover, as literacy rates, health awareness and disposable incomes rise, individuals increasingly demand better healthcare facilities and quality of care, and increase their spending on preventive and wellness, leading to high volume growth of in-patients and outpatient treatments. The rise in healthcare demand has also received a boost from increases in urbanisation and lifestyle-related diseases, such as cardiac diseases, diabetes and cancer, prompting many diagnostic service providers to enhance their offerings in metropolitan areas and tier-I and tier-II cities.

*Structure of diagnostic industry in India*

*Based on business model*



Diagnostic centres in India can be classified into hospital-based, diagnostic chains, and standalone centres:

- **Hospital-based** diagnostic centres are located in hospitals for captive use. These are mostly owned by hospitals, or may be given to third parties to manage
- **Diagnostic chains** are owned diagnostic centres, with two or more centres. These mostly operate through a hub-and-spoke model of collection centres
- **Standalone diagnostic centres** are single unit centres. Majority of these have small-scale of operations, and offer either pathology, basic radiology or advanced radiology services

*Source: Industry, CRISIL Research*

### ***Hospital-based diagnostic centres***

Usually, secondary and tertiary hospitals have pathology laboratories and radiology centres in-house; but some also engage third-party players such as SRL Limited (“SRL”), Metropolis Healthcare Limited (“Metropolis”), and Apollo Diagnostics (“Apollo Diagnostics”) (a division of Apollo Health and Lifestyle Limited) to manage their diagnostic facilities. Major hospital chains, such as Apollo Hospitals Enterprise Ltd, HCG, Max Healthcare and Fortis Healthcare have diagnostic arms.

Typically, hospitals with 100 to 150 beds or less prefer to outsource their tests rather than set up an in-house laboratory testing facility. Tertiary hospitals, which may not have the equipment to conduct advanced tests, may also send samples to advanced laboratories. Given that equipment for advanced tests is expensive, many hospitals find it economically unviable to operate these, owing to the low testing volume. For example, a hospital may have the equipment to test whether a patient is HIV-positive or not; but to determine a virus count, the sample is sent to a specialised pathology lab. Specialised tests with low patient volume at the hospital may also be outsourced to a chain or standalone diagnostic laboratories offering advanced diagnostic facilities.

### ***Diagnostic chains***

Diagnostic chains such as Thyrocare Technologies Limited (“Thyrocare”), Dr Lal PathLabs Limited (“DLPL”), SRL, Metropolis, Apollo Diagnostics are present either in a specific region/geography or have a multi-regional presence, and offer either or both, pathology and radiology testing services. There are also prominent regional chains in different geographies, such as Vijaya Diagnostic Centre Private Limited (“Vijaya”), Medall Healthcare Private Limited (“Medall”), Suraksha Diagnostics Private Limited (“Suraksha”), Suburban Diagnostics (India) Private Limited, Aarthi Scans Private Limited (“Aarthi”), etc, which have created brand resonance. These players’ operating margins tend to be on par with multi-regional chains.

### ***Standalone centres***

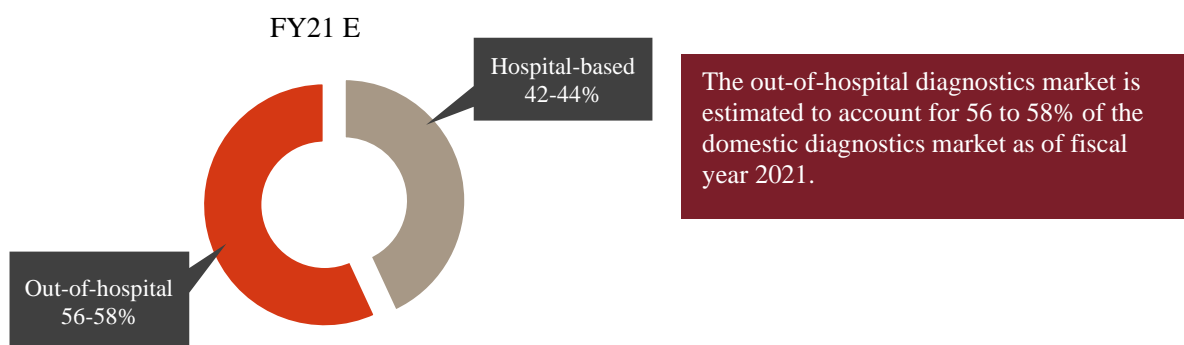
Standalone diagnostic centres make up 45 to 50% share of the market. Low entry barriers and the absence of stringent regulations have helped small pathology laboratories and radiology centres proliferate. These carry out basic tests that require minimal investment and space, and typically have a conventional X-ray and an ultrasound machine. There are also centres with restricted presence offering specialised tests such as magnetic resonance imaging (“MRI”) scans, computerised tomography (“CT”) scans, advanced positron emission tomography CT (“PET CT”) scans and gamma.

### ***Other business models in diagnostic industry in India***

Different business models are being introduced in the diagnostic industry. These are shop-in-shop or PPP model, aggregator model, chain model (via franchisees) and players which focus only on niche tests. Diagnostic chains provide a bouquet of services to a diversified clientele, process samples from smaller hospitals and diagnostic centres, and offer corporate wellness programmes. Players also operate on an aggregator-based model, controlling logistics and quality with partner laboratories.

### ***Out-of-hospital diagnostics market in India to log 12 to 13% CAGR over fiscal years 2020 to 2023***

*Out-of-hospital has higher share in diagnostics market*



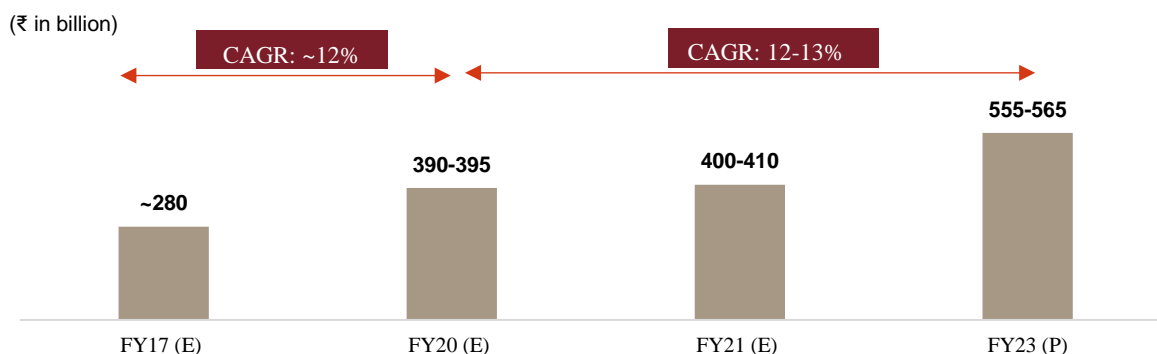
*Note: Hospital based diagnostic market includes diagnostic services provided to in-patients inside hospital premises by in-house diagnostic facilities setup by the hospital or outsourced to a diagnostic centre/chain*

*Source: CRISIL Research*

As per CRISIL Research estimates, the Indian out-of-hospital diagnostic industry is valued at ₹ 390 billion to ₹ 395 billion in the fiscal year 2020, having achieved a CAGR of approximately 12% over fiscal years 2017 to 2020. Deeper penetration of

diagnostic chains has given the out-of-hospital market a push in the past three fiscals. Diagnostic chains have not only increased penetration by way of consolidation with standalone diagnostic players, but also tied up with hospitals to cater to their diagnostic services. The latter not only reduces hospitals' capital expenditure on equipment, but also helps them save on the effort needed to maintain their diagnostic services. The out-of-hospital market, estimated to account for 56 to 58% of the entire domestic diagnostics market, is estimated at ₹ 400 to ₹ 410 billion as of fiscal year 2021. The out-of-hospital market is further projected to grow at a CAGR of 12 to 13% over fiscal years 2020 to 2023 to reach ₹ 555 to ₹ 565 billion in fiscal year 2023. This growth can be attributed to consolidation in the industry and increase in B2C business on account of increasing health awareness among people. Also, the COVID-19 pandemic has boosted demand for radiology testing services, as dependence on high-realisation radiology tests (CT scan over X-ray) has gained traction.

#### *Out-of-hospitals diagnostics market size in India*



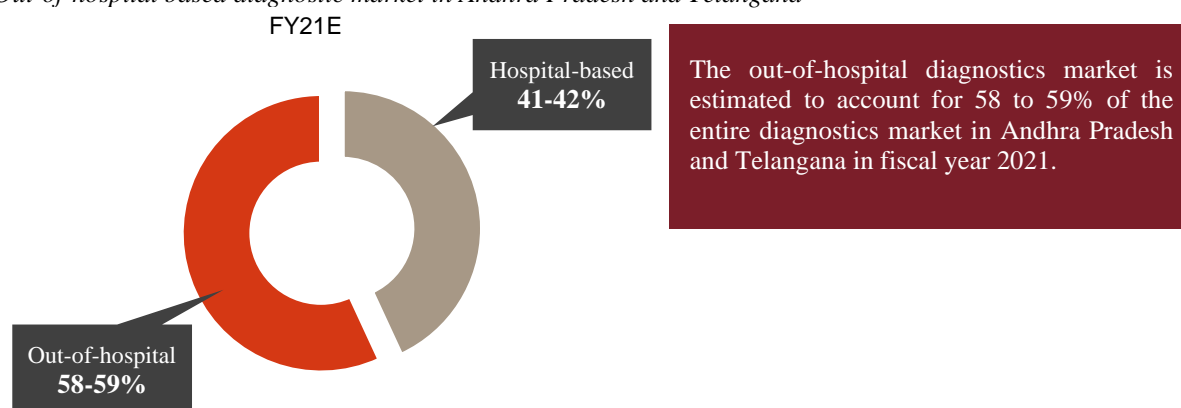
*E: Estimated; P: Projected*

*Note: Hospital based diagnostic market includes diagnostic services provided to in-patients inside hospital premises by in-house diagnostic facilities setup by the hospital or outsourced to a diagnostic centre/chain*

*Source: CRISIL Research*

#### *Out-of-hospital diagnostics market in Andhra Pradesh and Telangana to log 12 to 13% CAGR over fiscal years 2020 to 2023*

##### *Out-of-hospital based diagnostic market in Andhra Pradesh and Telangana*



*Note: Hospital based diagnostic market includes diagnostic services provided to in-patients inside hospital premises by in-house diagnostic facilities setup by the hospital or outsourced to a diagnostic centre/chain*

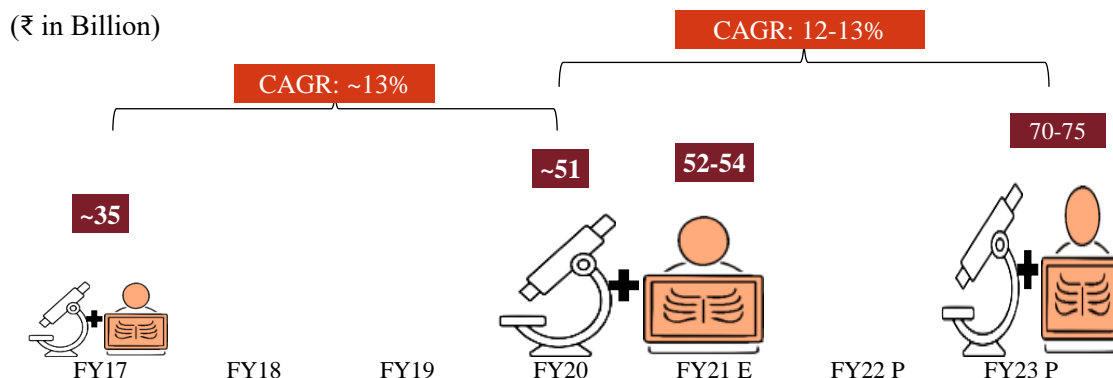
*Source: CRISIL Research*

Within the Indian diagnostic industry, South India forms about 27 to 29% of the total diagnostic market as of fiscal year 2020. Among the South India market, the share of Andhra Pradesh and Telangana diagnostic market is about 44 to 46% with a value of approximately ₹ 87 billion as of fiscal year 2020, making it one of the largest markets in South India.

CRISIL Research estimates the size of the diagnostic industry in Andhra Pradesh and Telangana to have grown to approximately ₹ 87 billion in fiscal year 2020 from approximately ₹ 59 billion fiscal year 2017, at a healthy CAGR of approximately 14%, mirroring growth of the South Indian diagnostic industry market (estimated at ₹ 190 to ₹ 195 billion as of fiscal year 2020). The out-of-hospital market, which accounts for 58 to 59% of the diagnostics market in Andhra Pradesh and Telangana, is

estimated to have grown to ₹ 51 billion in fiscal year 2020 from ₹ 35 billion in fiscal year 2017, at a CAGR of approximately 13%.

#### Out-of-hospital diagnostic industry market size in Andhra Pradesh and Telangana



E: Estimated; P: Projected

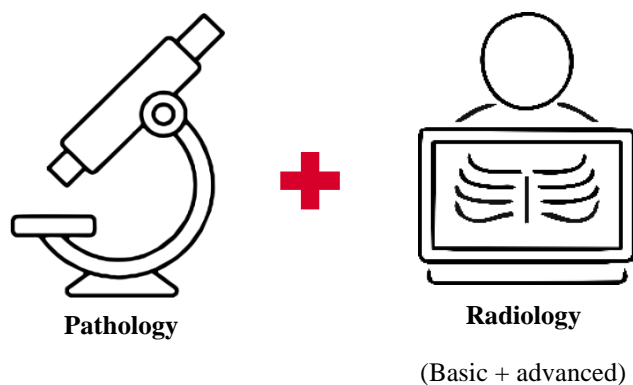
Note: Hospital based diagnostic market includes diagnostic services provided to in-patients inside hospital premises by in-house diagnostic facilities setup by the hospital or outsourced to a diagnostic centre/chain

Source: CRISIL Research

Going forward, the diagnostic industry in Andhra Pradesh and Telangana is expected to grow at a three-year CAGR of 12.5 to 13.5% to reach ₹ 120 billion to ₹ 130 billion in fiscal year 2023 similar to the projected growth of the South India diagnostics industry that is expected to reach ₹ 275 to 285 billion in fiscal year 2023, at a CAGR of 13 to 14% during fiscal years 2020 and 2023. This growth can be attributed to rising non-communicable diseases (“NCDs”) in the state, increasing share of aged population along with the other fundamental growth drivers such as rising health awareness, conducive government schemes related to healthcare and growing health insurance coverage. Mirroring growth in the Andhra Pradesh and Telangana market, the out-of-hospital diagnostics market is projected to grow to ₹ 70 to ₹ 75 billion in fiscal year 2023 from ₹ 51 billion in fiscal year 2020, at a CAGR of 12 to 13%.

#### Service-wise review and projections of the diagnostic industry

Based on provision of services



Source: Industry, CRISIL Research

Diagnostic entities can be broadly classified into pathology and radiology centres based on the provision of services.

**Pathology** includes examination and laboratory analysis of body fluids (blood, urine, etc) or organs and tissues to diagnose diseases.

**Radiology** involves usage of imaging technologies such as X-rays, radiography, ultrasound, CT scans, MRI scans to diagnose diseases.

Radiology can be further broken down into basic radiology, consisting of electrocardiogram (“ECG”), X-ray, sonography, and advanced radiology, consisting of CT, MRI, single photon emission computed tomography (“SPECT”), PET CT (gamma camera), multi-slice CT, cone-beam computed tomography systems (“CBCT”) (3D dental), DEXA/ bone densitometry, and mammography.

A diagnostic centre generally offers either pathology or radiology services, but few offer both. Typically, advanced radiology testing services are rendered by either secondary or tertiary care hospitals or standalone radiology centres (owned by the MD radiologist) or diagnostic chains (regional/multi-regional) as they entail heavy investments in order to obtain the best-in-class equipment, technology and specially trained professional to operate the equipment. Advanced radiology tests such as PET CT, CBCT and bone densitometry are critical, but at the same time there is a paucity of these services. Specialised testing has also seen many new entrants since substantial growth is expected in this area owing to the shift in disease epidemiology in India, as well as inclinations toward preventive and early diagnosis.

Multi-regional diagnostic chains such as DLPL, Thyrocare, and SRL offer both pathology as well as radiology testing services (SRL and DLPL offer both basic and advanced radiology testing services whereas Thyrocare offers only advanced radiology service). Among regional diagnostic chains, Vijaya provides a combination of diagnostic services under an integrated services model across pathology, radiology, nuclear medicine, imaging, gastroenterology, cardiology and neurology, making it a comprehensive diagnostic centre.

### ***Comprehensive laboratory preferred due to multiple services under one roof and convenience to customers***

A comprehensive laboratory has many advantages, including:

Availability of multiple diagnostic services under a single roof;

Convenience and comfort to customers;

The diagnostic centre does not lose opportunities (due to their inability to provide either radiology or pathology testing services) to its competitors, thus enabling it to capture a higher wallet share than others who provide only select services;

Higher chances of B2B partnerships, as the packages offered are wholesome in nature; and

Trust among doctors as a comprehensive laboratory will need to employ only trained professionals in order to handle equipment and qualified doctors in order to ensure quality of results.

### ***Pathology and radiology testing are equally important segments of the diagnostic industry***

*Segment-wise break-up of the diagnostic industry (fiscal year 2021E)*



**Pathology**  
**57%**



**Radiology**  
**43%**

According to CRISIL Research estimates, pathology testing commands a higher share of the diagnostics market. Typically, a battery of tests is prescribed under a single pathology test panel for a single patient.

Though the volumes of pathology tests prescribed are greater, the price of a single pathology test is lower than a single imaging test such as an MRI or even an X-ray. The latter usually costs two to three times more than a regular pathology test.

*E: Estimated;*

*The above analysis excludes COVID-19 testing.*

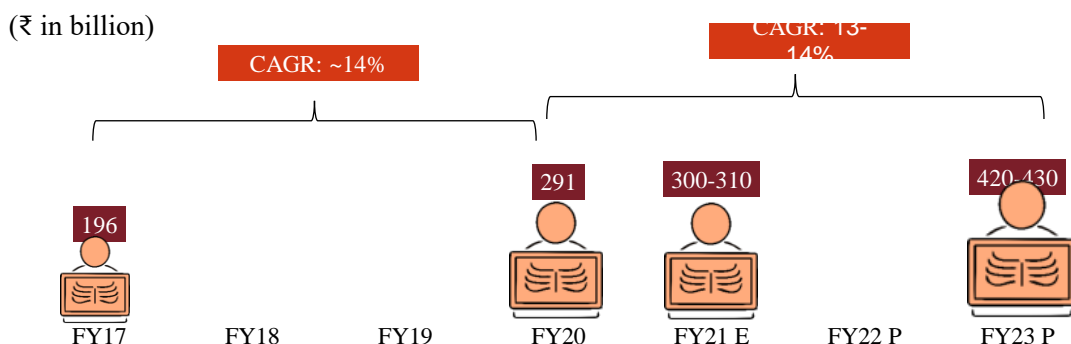
*Source: CRISIL Research*

### ***Radiology to achieve a CAGR of 13 to 14% over fiscal years 2020 to 2023***

As per CRISIL Research estimates, the Indian radiology market achieved a three-year CAGR of 14% to reach ₹ 291 billion in fiscal year 2020. Going forward, CRISIL expects the radiology business to grow at a higher trajectory with adequate support from factors such as newer and advanced technology, growing dependence on radiology, and preference for high-realisation

radiology tests such as CT scans over X-rays. Fundamental factors such as higher dependence on evidence-based treatments along with growing NCDs in India also support growth. Thus, the radiology market is projected to reach around ₹ 420 billion to ₹ 430 billion by fiscal year 2023, at a three-year CAGR of 13 to 14%.

#### Indian radiology testing market size review and outlook



E: Estimated; P: Projected

Source: CRISIL Research

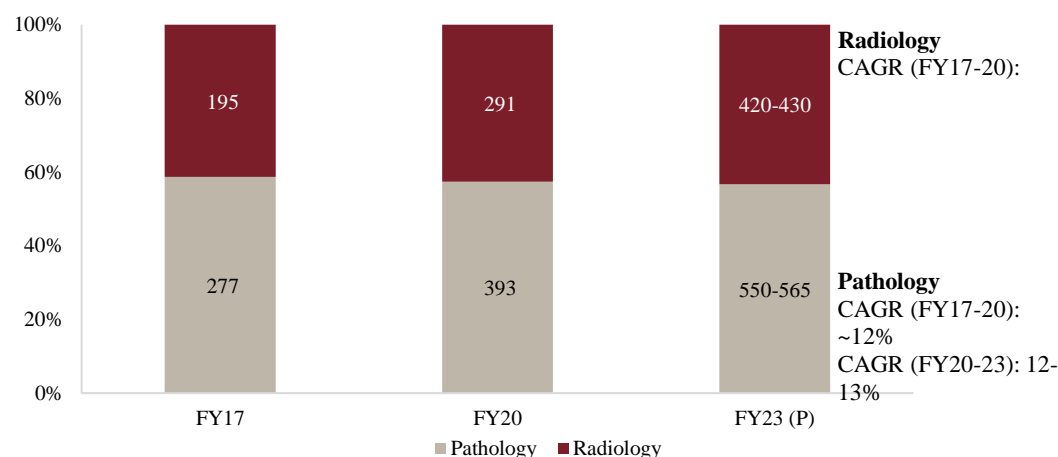
On the other hand, pathology market in the India is valued at ₹ 393 billion during fiscal year 2020 registering a CAGR of approximately 12% between the fiscal years 2017 and 2020. The pathology market is projected to reach a value of ₹ 550 to 565 billion in fiscal year 2023, achieving a CAGR of 12 to 13% between fiscal years 2020 and 2023, slightly lower than the growth rate for radiology during the same period.

#### COVID-19 has fuelled demand for radiology, increasing its share in diagnostic services

COVID-19 testing has fuelled demand for both pathology and radiology testing services. However, increasingly, reverse transcription polymerase chain reaction (“RT-PCR”) testing is being used to detect the virus due to its higher sensitivity. As per industry sources, radiology testing services have been crucial to gauge the intensity of infection, especially in the lungs. Hence, a lot of impetus has been given to chest CT scans by practitioners to detect early warning.

The share of radiology testing services within diagnostic services increased from nearly 41% in fiscal year 2017 to approximately 43% in fiscal year 2020 at approximately 14% CAGR; CRISIL expects the share to be maintained at 43 to 44% in fiscal year 2023.

#### Share of radiology within diagnostic services

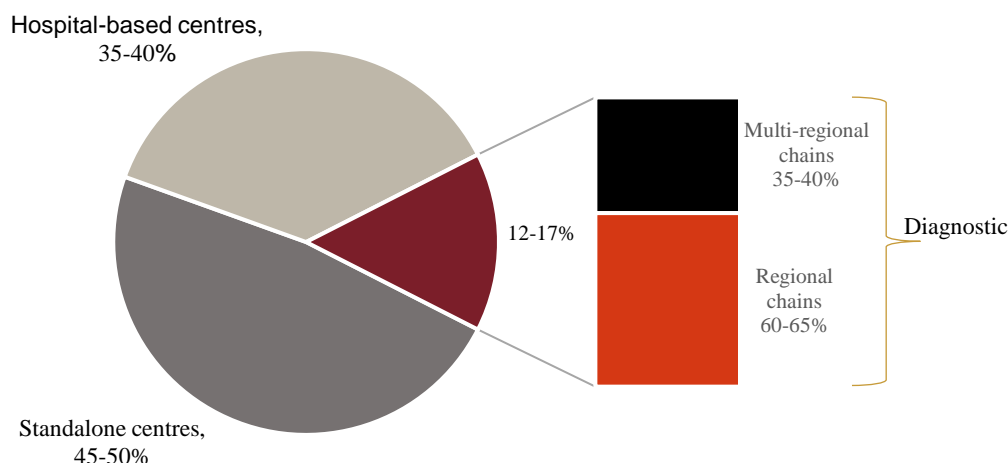


P: Projected

Source: CRISIL Research

## Industry shifting towards diagnostic chains

Estimated split of the Indian diagnostic industry, fiscal year 2020



Source: CRISIL Research

The Indian diagnostics industry is highly fragmented given the high proportion of standalone centres and hospital-based centres, which collectively comprise 83 to 88% of the total market as of fiscal year 2020. Diagnostic chains comprise only 12 to 17% as of fiscal years 2020 further split into regional and multi-regional chains, of which regional chains account for the majority. However, the industry has witnessed a shift from standalone centres to diagnostic chains due to increasing trend of patients' reliance on diagnostic chains for their quality of service and unavailability of complex tests with standalone centres, not only at an overall country level but also in regional markets.

The profitability of the industry is defined on the basis of high volume of testing and optimal utilisation of laboratories. Also, high capital expenditure requirements for radiology testing services deter standalone players from investing beyond basic radiology. Given the low entry barriers and lack of a strong regulatory environment, the industry has many standalone players. This has made the industry highly competitive and fragmented, and hence smaller players are finding it hard to stay profitable. Competition has intensified with the entry of aggregators (online healthcare players), who prefer to partner with established diagnostic chains.

On the regional front, players in Andhra Pradesh and Telangana with a strong brand value and trust (like Vijaya and others) have been able to maintain growth in volumes and profitability. However, smaller players are witnessing a decline in volumes, margins and market share due to intense competition and high expectations by consumers in the region. Hence, large regional players are looking at favourable acquisitions of smaller standalone labs in places which might not only attract them higher volumes, but also help them increase their penetration and reach over the long term.

Diagnostic chains, on the other hand, have stronger financial discipline and negotiating power with suppliers, greater capital and administrative resources to meet the needs in order to sustain the business compared with standalone diagnostic centres. Diagnostic chains have expanded into geographies where they have limited presence via inorganic routes. Tier II and III cities are the major focus of these established players, where struggling standalone centres become prime opportunities for acquisition.

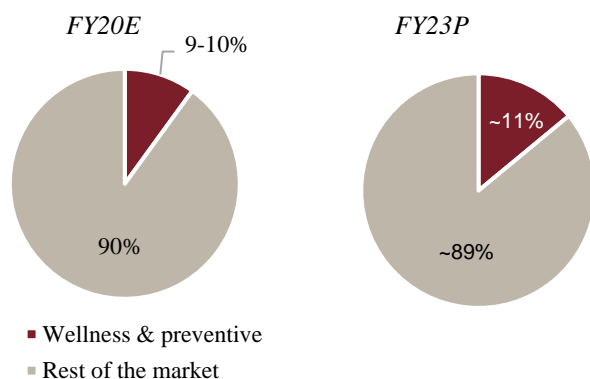
### Preventive and wellness testing packages to boost biochemistry testing

Mid-sized to large diagnostic chains and hospital-based diagnostic centres are increasingly marketing their test menus in the form of preventive and wellness packages. These health packages help identify pre-existing diseases or the likely risk from particular diseases before the actual symptoms appear. The tests are expected to help people take corrective action before chronic conditions take hold.

Most packages either specifically screen for a given chronic disease or contain a slew of tests to ascertain the overall health of a person. Moreover, most of the preventive and wellness tests consist of biochemistry tests to check an individual's risk to chronic diseases, such as cardiovascular diseases and diabetes, among others. However, some diagnostic centres, which have both pathology and radiology services, may add basic imaging tests such as ECG, X-ray, and ultrasound to the test packages.



Many diagnostic chains are currently providing bundled services (primarily comprising pathological tests, and a few even offer basic imaging tests). Corporate tie-ups occur majorly with accredited centres, which fall under the diagnostic chains category. Moreover, for wellness test services to be successful, substantial investments in marketing, a wide distributor network, and a strong brand are vital. So, diagnostic chains have more potential to absorb and cater to new demand for preventive health and wellness packages. Further, comprehensive diagnostic players have high potential, since they can provide a good mix of services under one bucket, owing to the nature of services provided by them under a single roof.



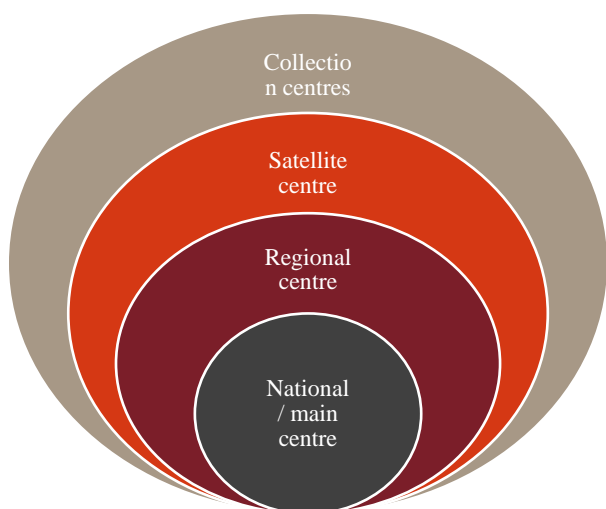
As per CRISIL Research estimates, the market for wellness and preventive diagnostics was around 9 to 10% of the total diagnostic services industry in fiscal year 2020. Rising disposable income combined with improving literacy is set to increase awareness about preventive healthcare, thereby boosting demand for diagnostic services. This segment is expected to account for around 11% share of the diagnostic pie, achieving a CAGR of 20 to 21% over the next three years to fiscal year 2023.

E: Estimated; P: Projected;  
Source: Industry, CRISIL Research

### Hub-and-spoke model is most preferred for diagnostic chains

Diagnostic chains typically adopt a hub-and-spoke model to widen their catchment area. However, this model is more prominent in pathology testing services. Nevertheless, players in radiology testing services also operate on a similar model, by way of referring patients to hub centres from spoke centres for specialised testing, which are carried out at the hub centres.

#### Hub-and-spoke model



The components of this model include a national reference lab/centre, regional lab/centre, satellite centres, and collection centres.

Note: The mentioned hierarchy represents a typical flow of samples from the collection centre to the national reference lab. However, the hierarchy/terminology may vary from player to player.

Source: Industry, CRISIL Research

**National centre (main centre):** These are located centrally, usually in large metropolitan areas, serving as the corporate headquarters of diagnostic chain companies. These are equipped to conduct routine as well as specialised pathology and radiology tests, and may be spread over 10,000 square feet. Reports generated by the regional / national centre are sent to patients through the collection centres/satellite centres, or can be viewed online. The usual turn-around time (“TAT”) for a national centre for report generation ranges between a few hours (for routine tests, such as blood analysis and sugar tests) and two to four days, depending on the type of test being carried out. Diagnostic centres opt for air logistics for transporting samples collected at their collection centres in other cities. These are usually done for specialised tests that can only be performed at the national centres or, in the context of a hub-and-spoke model, at regional centres. In the case of advanced radiology testing



services, an integrated diagnostic company may refer a patient to its main/national centre, which houses advanced equipment such as MRI machines and PET-CT scan machines.

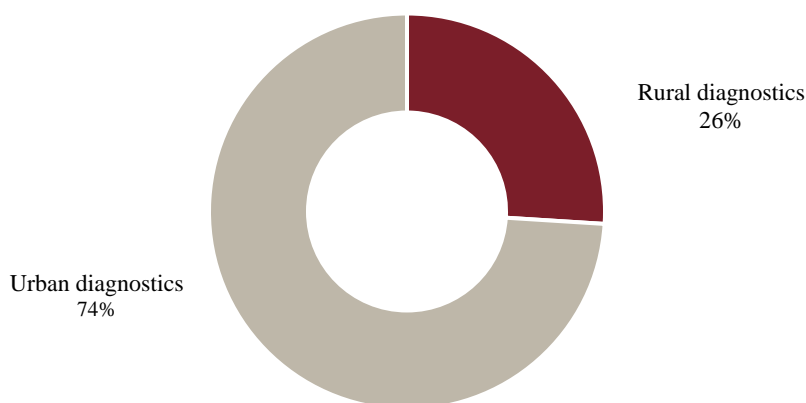
**Regional centres:** Similar to a national/main centre, regional centres are also usually situated in large metropolitan cities, and act as hubs that collect samples from the satellite centres and collection centres across India. The regional centres also offer comprehensive and specialised testing facilities. With respect to radiology testing services, some of the advanced/ niche imaging tests are also generally carried out in regional centres.

**Satellite centres:** Satellite centres offer limited range of services. These mainly act as feeders for regional centres and national/main centres. Based on complexity of the test, a satellite centre may choose to transfer samples to a regional centre or a national reference centre (whichever is nearer). Satellite centres may be either owned or franchised by a diagnostic chain company. A satellite centre may also house basic radiology tests, such as ECG, X-ray and sonography. For advance tests, patients may be referred to either the regional centre or main/national centre.

**Collection centres:** Collection centres are usually located in hospitals, nursing homes, pathology labs, clinics, prime commercial properties, and retail spaces, among other places. These could be company-owned or a franchisee usually catering to an area of 3 to 5 km radius. Collection centres do not carry out testing. The centres have basic equipment in the form of a refrigerator and a centrifuge, and employ minimal staff, such as a receptionist, laboratory technician, attendants, and delivery staff.

### ***Urban areas account for higher proportion of revenue***

*Geography-wise break-up of diagnostic industry (fiscal year 2021)*



*E: Estimated.*

*Note: Urban centres are classified as units or towns with a municipality, corporation, cantonment board or notified town area committee. Urban centres also fulfil the following criteria: have a minimum population of 5,000, about 75% of male work force is engaged in non-agricultural work, and town has a density of population of at least 400 people per square km. All other areas that do not fulfil the requirements of urban centres are classified as rural centres.*

*Source: CRISIL Research.*

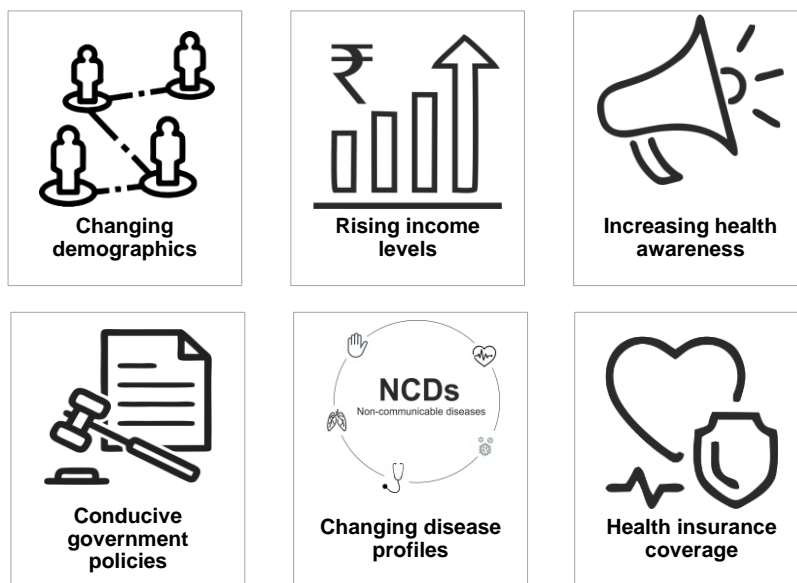
Growth in the Indian diagnostics market is driven by favourable changes in demographics, improvements in health awareness, increased spend on preventive care and wellness, increase in lifestyle-related ailments and rising penetration of insurance in India. According to CRISIL Research estimates, India's urban population (approximately 31% of India's total) contributes up to 74% of the overall diagnostics market revenue.

Urban centres, especially in metropolitan areas and tier I/ II cities, have better healthcare delivery systems in the form of hospitals (private and public), clinics and diagnostic centres due to greater participation of the private sector and the presence of a large pool of doctors. Secondary sources reveal that 78 to 80% of the population in urban areas prefers private hospitals/ clinics. Consequently, urban areas have registered high growth in diagnostic care services. On the other hand, rural centres are largely primary health centres, and government and private dispensaries that have small-scale facilities to carry out basic tests. For more advanced diagnostic tests, rural patients are referred to the nearest urban centre. In terms of preference of place of treatment, an estimated 70 to 75% of the rural population prefers to be treated at private hospitals and clinics.

### **Growth drivers, success factors and risks**

## Fundamental growth drivers for the diagnostic industry

A combination of economic and demographic factors is expected to drive healthcare demand in India.

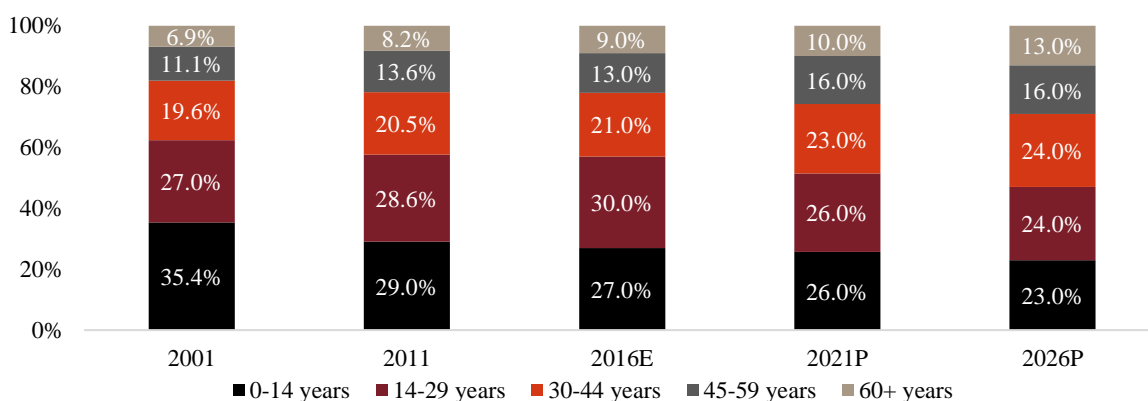


Source: CRISIL Research

### With life expectancy improving and changing demographic profile, healthcare services are a must

With improving life expectancy, India's demographics are also witnessing a change. According to the Report on Status of Elderly in Select States of India, 2011, published by the United Nations Population Fund in November 2012, chronic ailments, such as arthritis, hypertension, diabetes, asthma, and heart diseases, were commonplace among the elderly, with approximately 66% of the respective population reporting at least one of these. With the Indian population expected to grow to approximately 1.4 billion by 2026 with and an expected surge of 60 years or more to approximately 13% by 2026 from 8% in 2011, considering the above mentioned factors, the need to ensure that healthcare services are provided to this vast populace is an imperative.

### Population in over 60 age group to grow faster



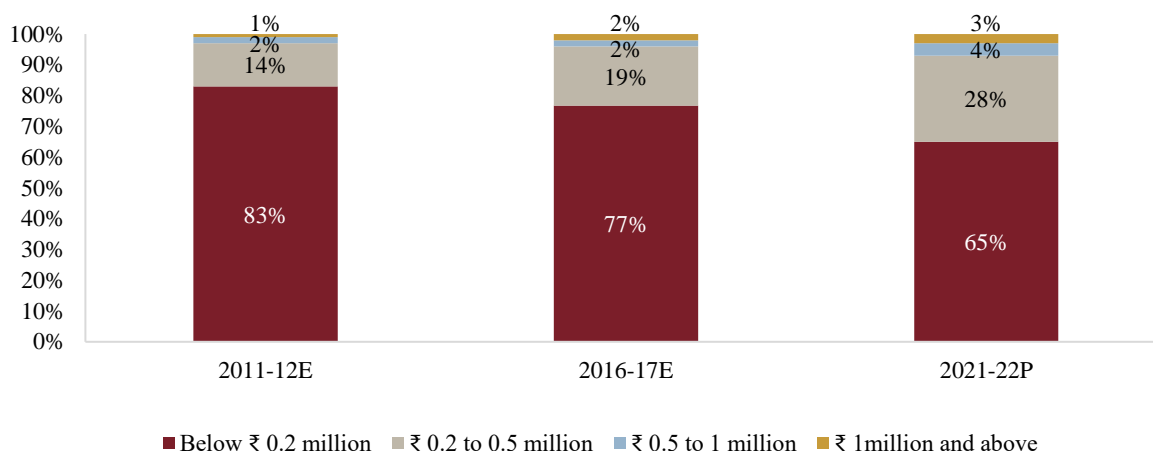
Source: Census, CRISIL Research

### Rising income to make quality healthcare services more affordable and preferred

Even though 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 fiscal 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 fiscal year 2022 from approximately 23% in fiscal year 2017. Higher income levels will also accentuate spending on preventive and wellness tests, thus aiding the diagnostic industry over the long term.

#### Income demographics

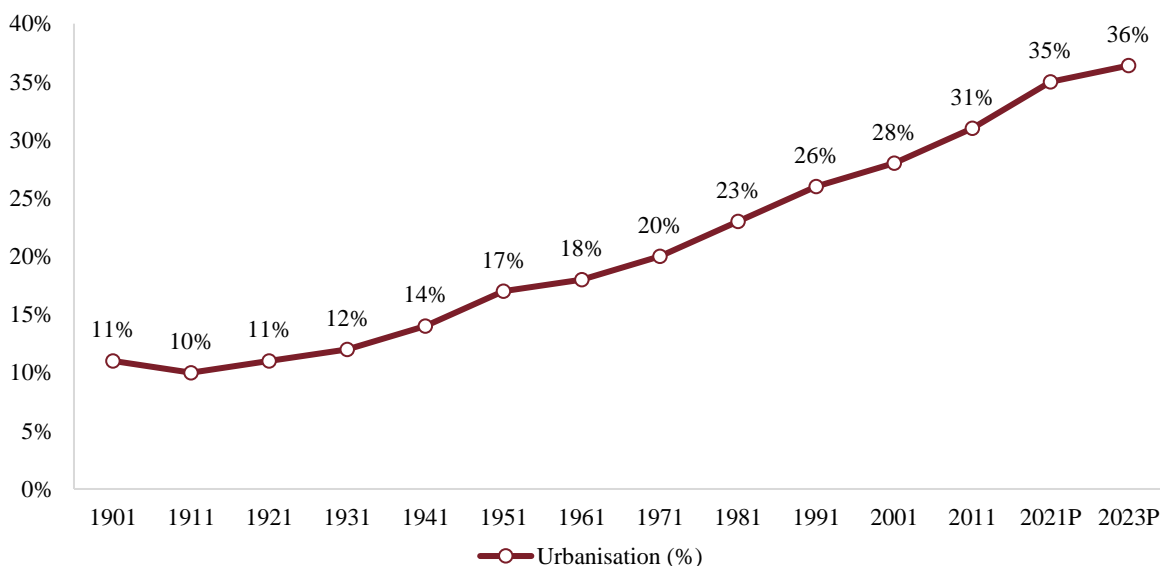


Source: CRISIL Research

#### Increasing health awareness to boost preventive/wellness tests

The majority of healthcare enterprises in India are more concentrated in urban areas. With increasing urbanisation (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, thus paving the way for growth of the diagnostic industry as well.

#### Urban population in India as a percentage of total population

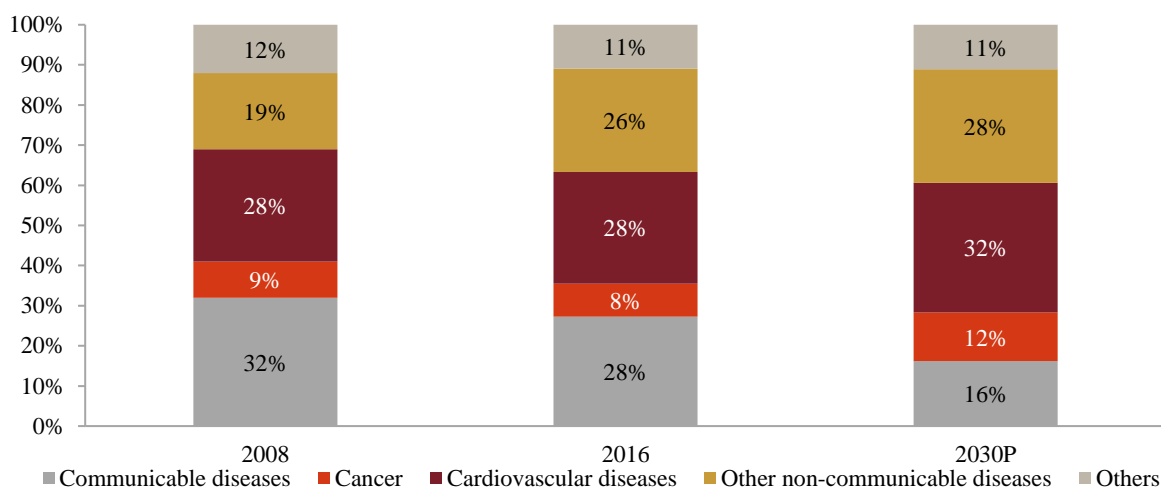


Source: UN World Urbanisation Prospects: The 2018 revisions

#### Non-communicable diseases: A silent killer

As opposed to the decreasing rate in communicable diseases, the contribution of NCDs to the disease profile has risen from 30% in 1990 to 55% in 2016. Statistics show that these illnesses accounted for nearly 62% of all deaths in India in 2016. CRISIL Research believes that NCDs exhibit a tendency to increase in tandem with rising income. The WHO also projects an increasing trend in NCDs by 2030, following which CRISIL forecasts demand for healthcare services associated with lifestyle-related diseases, such as cardiac ailments, cancer and diabetes, to rise.

#### Causes of death in India

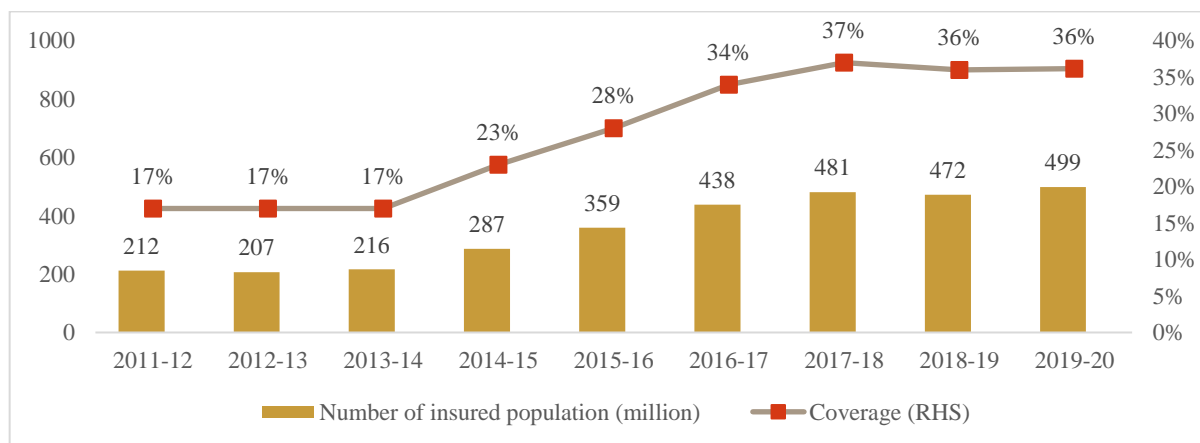


Source: WHO global burden of disease, India: Health of the Nation's States, CRISIL Research

#### Growing health insurance penetration to propel demand for the overall healthcare delivery market, including diagnostics

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 fiscal year 2020), as against 288 million (in fiscal year 2015), but despite this robust growth, the penetration in fiscal 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 delivery industry in India. With the Pradhan Mantri Jan Arogya Yojana, India's insurance coverage is expected to increase substantially over the next five fiscals. Furthermore, with health insurance coverage in India set to increase, hospitalisation rates are likely to go up. In addition, health check-ups, which form a mandatory part of health insurance coverage, are also expected to increase, boosting demand for a robust healthcare delivery platform.

#### Health insurance coverage in India in numbers (million) and penetration



Source: IRDA Annual Report

### Success factors for diagnostic players



Source: CRISIL Research

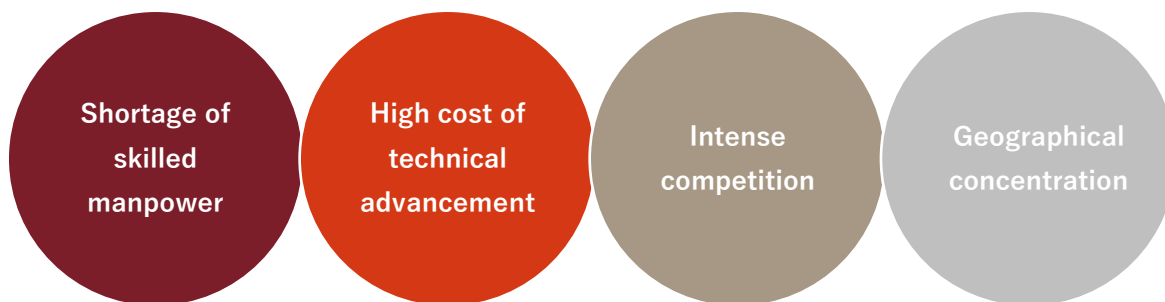
In addition to the above mentioned factors, offering a wide range of services, such as organising health camps, health and wellness packages, online delivery of reports and home collection of samples, also acts in favour of a diagnostic company. Also, a wide reach and robust logistics network helps increase economies of scale and reduce TAT. Another factor leading to success is the use of multiple channels to generate revenue, such as of tie-ups with smaller labs, hospital-based labs, corporate clients or doctors' networks.

### NABL accreditation gives diagnostic centres a distinct advantage

The National Accreditation Board for Testing and Calibration Laboratories ("NABL") is an accreditation body, with its accreditation system established in accordance with ISO/ IEC 17011. NABL has been established with the objective of providing the Government, industry associations and the industry in general with a scheme of conformity assessment body's accreditation which involves third-party assessment of the technical competence of testing including medical and calibration laboratories, proficiency testing providers and reference material producers.

### Key risks

The industry faces shortage of skilled manpower, rising cost of technology upgradation and aggressive pricing in an intensely competitive market.



Source: CRISIL Research

### ***Shortage of skilled manpower***

Considerable shortages of full-time doctors and staff in the diagnostics industry prompt several laboratories to recruit them on an hourly basis, with many of them visiting more than one lab. Another area of concern is the training and retention of critical employees such as laboratory technicians, who are employed at laboratories and collection centres for the collection and preservation of patient samples. The situation is even more critical for standalone diagnostic centres, which may not be able to employ well-trained laboratory technicians and pathologists, thereby affecting the quality of outcomes.

### ***High cost of technical advancement***

Diagnostic centres have to constantly upgrade their technology to stay ahead of the competition. However, these upgrades not only involve significant capital investment, but also increase maintenance cost, thereby increasing overheads. Capital intensity is higher for advanced radiology and molecular diagnostics, which require high-end equipment.

### ***Intense competition***

Apart from renowned multi-regional and regional diagnostic chains/centres, the diagnostics industry is highly fragmented. Since this sector has negligible-to-few entry barriers and is largely unregulated, small laboratories have proliferated. The diagnostic chains face competition in terms of patient sample volumes and aggressive pricing of tests, causing the profitability of major chains to remain bound in the near future. However, the last decade has seen consolidation by diagnostic chains via acquisitions of laboratories across India, as well as the establishment of regional reference laboratories to enhance penetration.

### ***Geographical concentration***

Many small diagnostic chains that operate three to four centres and are concentrated in a particular place or region are susceptible to the demand-supply dynamics of that particular location.

## **Impact of COVID-19 on healthcare delivery market**

The healthcare delivery segment saw a drop in footfall during the lockdown. Surgeries were deferred as well. This impacted the cash flow of industry players. Nevertheless, the market is driven by strong fundamentals, conducive government policies and improving affordability. The market is expected to sustain robust growth in the medium term.

### ***Shift towards specialised testing, increased home collection requests, and B2C business enabled recovery to pre-pandemic levels for diagnostic players in the third quarter of fiscal year 2021***

As hospital treatments and outpatient footfall declined due to the nationwide lockdown, samples and footfall at diagnostic centres also mirrored this impact. Eventually, private COVID-19 testing picked up, but it was not until the third quarter of fiscal year 2021 that private laboratories saw their revenue rebounding to pre-pandemic levels due to demand revival.

### ***COVID-19 testing has been a booster for multi-regional and regional diagnostic labs***

While regular business took a backseat in fiscal year 2021, COVID-19 testing has helped larger players. The Indian Council of Medical Research (“ICMR”) has approved nearly 1,223 private laboratories for COVID-19 testing as of April 12, 2021). With the requisite permission from the ICMR to venture into COVID-19 testing, these are large accredited laboratories having RT-PCR testing capabilities, leaving smaller laboratories with minimal revenue (especially in the first half of fiscal year 2021).

Initially, some state Governments had partnered with private laboratories for COVID-19 testing, but gradually the demand profile for the latter shifted towards the institutional and home collection business. Diagnostic chains also witnessed improved B2C footfall on account of delayed medical interventions, self-check-ups, and COVID-19 tests pertaining to government-bound notifications set for travel purpose. Also, with the focus on quality during the COVID-19 pandemic, players in the industry adopted digitisation and other technologies to reduce the TAT and cater to the rising demand. This has further motivated the customer preference towards regional and multi-regional diagnostic chains.

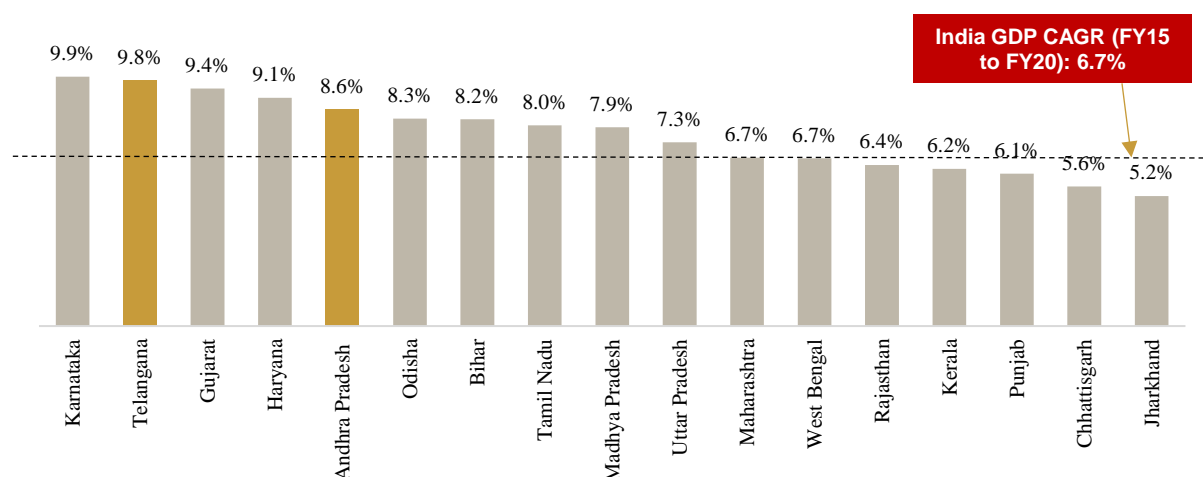
The ICMR has permitted antigen and antibody testing subject to state regulations, apart from the gold-standard RT-PCR test, to scale up testing in India. The earlier price cap of ₹ 4,500 for RT-PCR has been significantly revised downwards to ₹ 500 to ₹ 1,500 (varies across states) since domestic manufacturing of kits has picked up in a big way. Although COVID-19 testing is top line-accretive, the cost of reagents for the test, along with procurement cost, eroded margins in the first quarter of fiscal year 2021. Nonetheless, COVID-19 testing helped meet fixed-cost obligations at a time when regular demand was muted and still recovering. Apart from large diagnostic chains, diagnostic laboratories with a footing in genomic and molecular testing have benefitted from their testing capabilities with regards to COVID-19 patients. The NABL has also granted necessary clearances and approvals to them for testing. But with improvement in domestic sourcing of testing kits, high-realisation COVID-19 tests were a benign addition to EBITDA levels, more evident in the second and third quarter margins of fiscal year 2021.

## State-wise macroeconomic indicators

### Telangana and Andhra Pradesh among the top five high-growing\* states in India

Between fiscal years 2015 and 2020, Karnataka (9.9%), Telangana (9.8%), Gujarat (9.4%), Haryana (9.1%) and Andhra Pradesh (8.6%) were the highest growing states (India GDP CAGR of 6.7%). Punjab, Chhattisgarh and Jharkhand had ranked at the bottom in fiscal years 2015 to 2020.

GSDP growth between fiscal year 2015 and fiscal year 2020 (CAGR, %)



Note: 17 states as classified by the RBI under non-special category have been considered for this analysis.

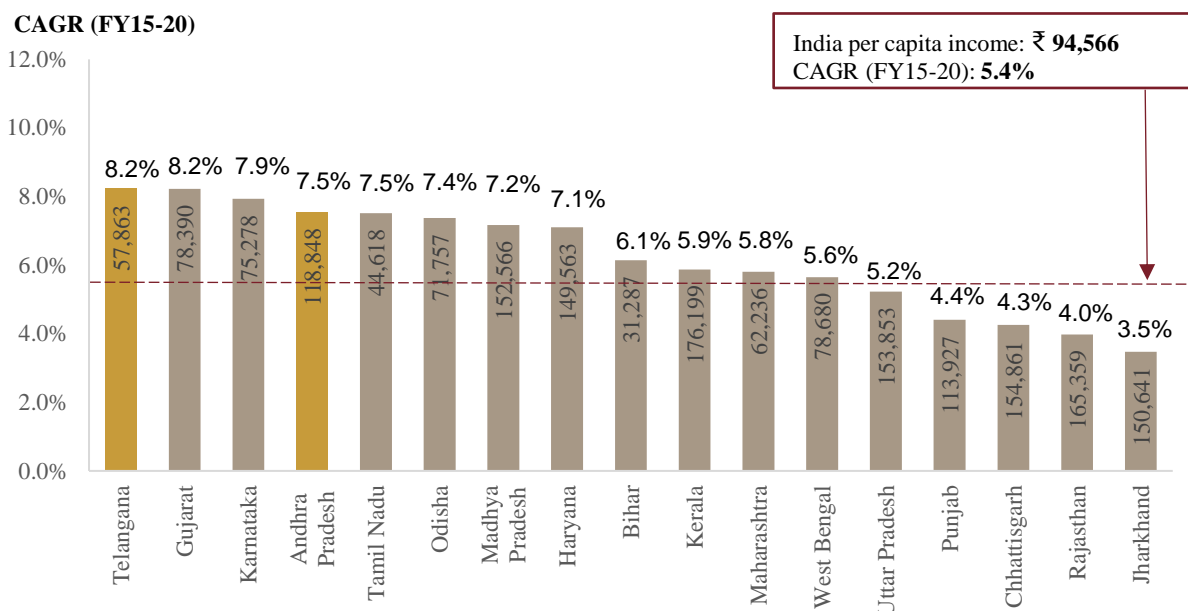
\* States that managed to maintain GSDP growth higher than the all-India GDP growth during fiscal years 2015 to 2020.

Source: CSO, CRISIL Research

### Telangana, Andhra Pradesh among the top five states in terms of average per-capita income growth between fiscal years 2015 and 2020

In terms of CAGR from fiscal years 2015 to 2020 for per-capita NSDP at constant prices, Telangana, Gujarat, Karnataka, and Andhra Pradesh were the top states.

Telangana and Andhra Pradesh among the top five states in terms of per capita NSDP CAGR (fiscal years 2015 to 2020)



*Note: Per capita income for states refers to 'per capita NSDP at constant prices as of fiscal year 2020; base year 2011-12 has been considered. All India per capita income refers to 'Per capita net national income at constant prices as of FY20'.*

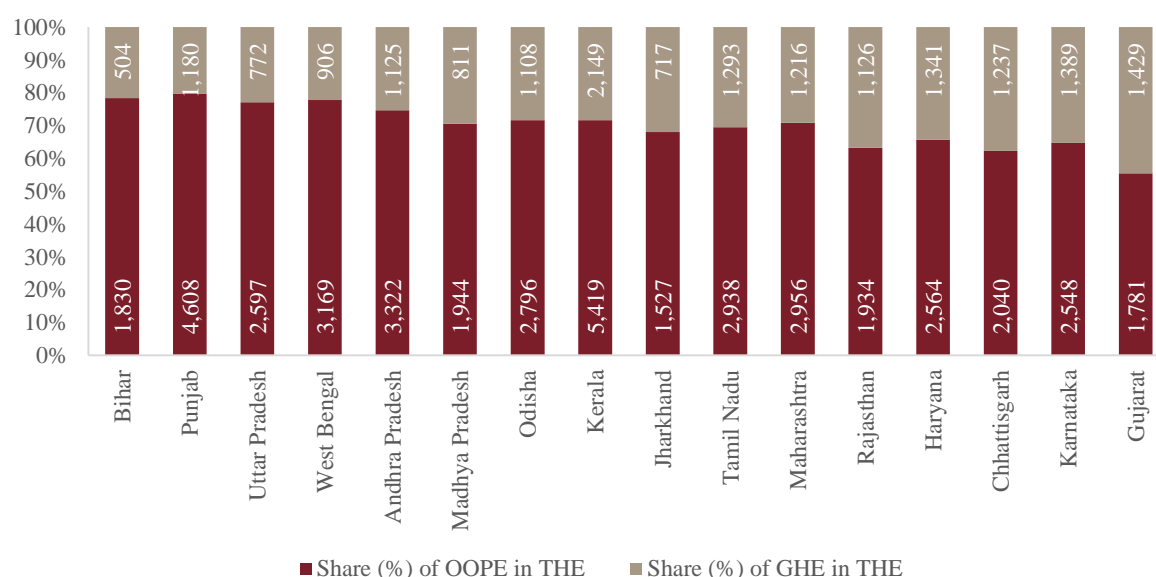
*Source: CSO, CRISIL Research*

### **Andhra Pradesh among the top five states in terms of per capita OOPE as a share (%) of per-capita total healthcare expenditure, as of fiscal year 2017**

As per the National Health Accounts Estimates, fiscal year 2017, the top five states in terms of Out-of-Pocket Expenditure ("OOPE") as a percentage of Total Healthcare Expenditure ("THE") are Bihar (78%), Punjab (77%), Uttar Pradesh (75%), West Bengal (74%) and Andhra Pradesh (72%).

The top three states in terms of per capita total healthcare expenditure are Kerala (₹ 8,083), Punjab (₹ 5,960) and Maharashtra (₹ 5,210). In terms of per capita government healthcare expenditure ("GHE"), the top three states are Kerala (₹ 2,149), Gujarat (₹ 1,429) and Karnataka (₹ 1,389). While in terms of per capita out of pocket expenditure, the top three states are Kerala (₹ 5,419), Punjab (₹ 4,608) and Andhra Pradesh (₹ 3,322).

### **OOPE and GHE as a % of THE**





Note: The values given in the bars are in INR.

Source: National Health Accounts Estimates 2016-2017, CRISIL Research

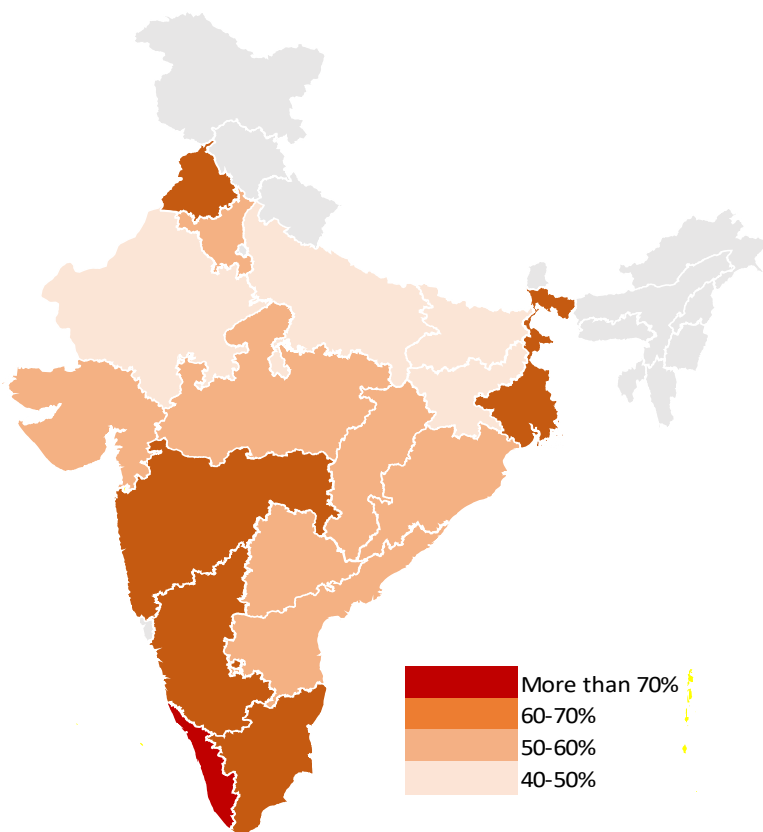
## Diagnostic industry in Andhra Pradesh and Telangana

### Andhra Pradesh and Telangana among the states with high NCD burden (>50%) in India

According to reports, the contribution of NCDs (being cardiovascular diseases, diabetes, chronic respiratory diseases, mental health and neurological disorders, cancers, musculoskeletal disorders, chronic kidney disease) to India's total disease burden has increased over the years. Disability-adjusted life years ("DALY(s)") represent the total number of years lost to illness, disability, or premature death within a given population. Of the total disease burden in India measured as DALYs, the share of communicable, maternal, neonatal, and nutritional diseases (termed infectious and associated diseases in this summary for simplicity) dropped from 61% in 1990 to 33% in 2016. There was a corresponding increase in the contribution of NCDs to the total disease burden from 30% to 55%, and of injuries from 9% to 12%.

The wide variations between the states in this epidemiological transition are reflected in the range of the contribution of major disease groups to the total disease burden in 2016: 48 to 75% for NCDs, 14 to 43% for infectious and associated diseases, and 9 to 14% for injuries. Among the leading NCDs, the largest disease burden or DALY rate increase from 1990 to 2016 was for diabetes (80%) and ischaemic heart disease (34%). As per the National Health Profile 2019, out of 65,194,599 patients who attended NCD clinics, 4.75% were diagnosed with diabetes, 6.19% with hypertension, 0.30% with cardiovascular ailments, 0.10% with stroke, and 0.26% with common cancers. Of the 17 states compared, Tamil Nadu, Rajasthan, and Uttar Pradesh had the highest number of persons diagnosed with NCDs out of those screened in calendar year 2018, followed by Andhra Pradesh, West Bengal, and Maharashtra.

State-wise proportion of total disease burden from NCDs in 2016



| State          | NCDs * |
|----------------|--------|
| Kerala         | 74.60% |
| Punjab         | 66.00% |
| Tamil Nadu     | 65.30% |
| Maharashtra    | 63.10% |
| West Bengal    | 62.70% |
| Karnataka      | 62.00% |
| Andhra Pradesh | 59.70% |
| Telangana      | 59.20% |
| Haryana        | 58.80% |
| Gujarat        | 56.70% |
| Odisha         | 52.10% |
| Madhya Pradesh | 50.50% |
| Chhattisgarh   | 50.40% |
| Rajasthan      | 49.30% |
| Jharkhand      | 48.30% |
| Uttar Pradesh  | 47.90% |
| Bihar          | 47.60% |

\* Proportion of total disease burden from NCDs in 2016.

ICMR, Public Health Foundation of India ("PHFI"), and the Institute for Health Metrics and Evaluation ("IHME") published report titled 'India: Health of the Nation's States – The India State-Level Disease Burden Initiative'.

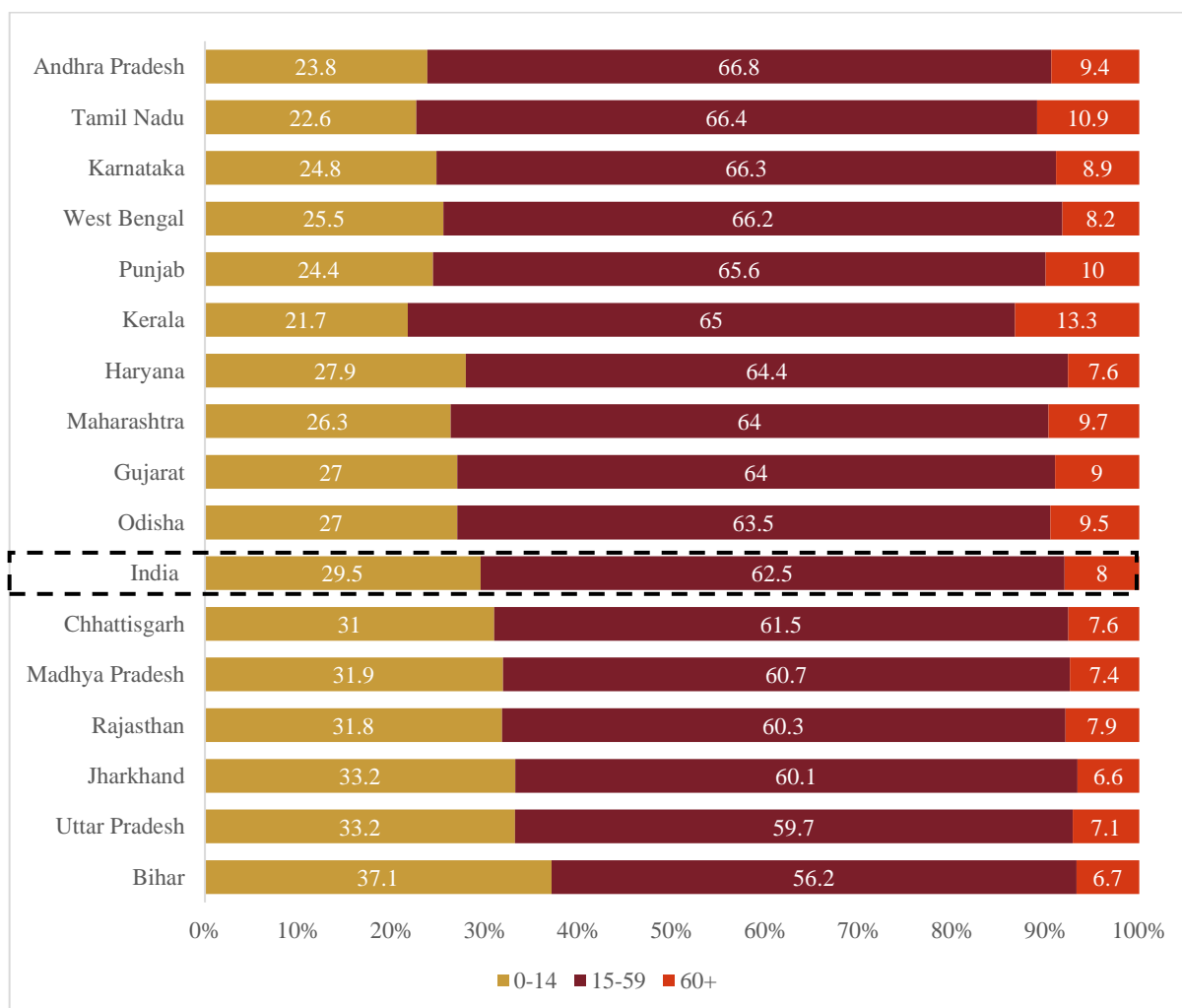
17 states under the non-special category given by the RBI (except Goa) have been considered for the analysis, i.e., Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal.

Source: ICMR, PHFI, IHME, Ministry of Health and Family Welfare, CRISIL Research

### **Andhra Pradesh has one of the highest percentage of population aged 15 years and above, as per census 2011**

As per Census 2011 data, India's age-wise national average statistics indicates that 29.5% people fall in the 0 to 14 year group, 62.5% in the 15 to 59 year bracket and 8% are over 60. In Andhra Pradesh (including the current state of Telangana), approximately 67% of its population is aged 15 to 59 years and 9.4% above 60 years, which collectively is nearly 5.7% higher than the national average. This increases the state's vulnerability towards NCDs, thus necessitating greater focus on healthcare. Tamil Nadu, Karnataka and West Bengal follow Andhra Pradesh in terms of higher percentage of aged population in the states.

#### **State-wise age group-wise population for 2011**



Note: 17 states under the non-special category given by the RBI (except Goa) have been considered for the analysis – Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, and West Bengal.

Telangana data is not available as per Census 2011. The data for the same is included in Andhra Pradesh figures.

Source: Census 2011, CRISIL Research

### **Vijaya Diagnostic Centre is the largest integrated diagnostic chain in south India by operating revenue as of fiscal year 2020**

Some of the key diagnostic chains operating in the Andhra Pradesh and Telangana region are Vijaya, Thyrocare, SRL, Metropolis, Lucid Medical Diagnostics Private Limited (“Lucid”), Medall and Tenet Medcorp Private Limited (“Tenet”), among others.



*Note: The list above is only indicative and not exhaustive.*

*\* South-based diagnostic centres' are indicative of those players, who have a higher share of operations from the southern states of India.*

*Source: Industry, CRISIL Research*

The regional cluster of Andhra Pradesh / Telangana has presence of both multi-regional players, namely DLPL, SRL, Thyrocare, Metropolis and others, as well as prominent south-based players such as Vijaya, Tenet, Medall, Aarthi, Lucid, Neuberg Diagnostics Pvt Ltd ("Neuberg"), Focus Diagnostics and Tesla Medcorp Pvt Ltd.

***Vijaya has the highest revenue from Southern region among other key players as of fiscal year 2020***

| Operating revenue (₹ million) | Operating income (FY20) | Share (%) of revenue from southern region | Revenue from southern region (FY20) |
|-------------------------------|-------------------------|---|-------------------------------------|
| Vijaya                        | 3,388                   | 97.3%                                     | 3,298                               |
| Metropolis                    | 8,569                   | 26%                                       | 2,228                               |
| SRL                           | 10,123                  | 12%                                       | 1,215                               |
| Thyrocare                     | 4,354                   | 26%                                       | 1,132                               |
| DLPL                          | 13,309                  | 6%  | 799                                 |

*Note: The revenue mix is not available for rest of the peers under consideration*

*Source: Company annual reports, CRISIL Research*

Among the peers compared above, the top five players in terms of operating income for fiscal year 2020 are DLPL, SRL, Metropolis, Thyrocare and Vijaya. However, in terms of revenue from the southern region for fiscal year 2020, Vijaya has the highest revenue in comparison with the key players compared above, namely DLPL, SRL, Metropolis and Thyrocare. Vijaya is the largest integrated\* diagnostic company in South India as of fiscal year 2020 based on operating revenue from south region.

*\*A diagnostic centre which provides a combination of diagnostic services across pathology, basic radiology and advanced radiology services is hereby defined as an integrated diagnostic centre.*

Among the prominent south-based players, Vijaya operates majorly in Andhra Pradesh and Telangana accounting for 96.4% of revenue for the company as of fiscal year 2020. For further details of city-wise revenue of Vijaya, see "Our Business - Description of Our Business - Our Geographical Spread" on page 115. As on March 31, 2021, Vijaya has 11 laboratories and 80 centres including those of its subsidiary companies. With an operating revenue of ₹ 3,388 million during fiscal year 2020, Vijaya accounts for a market share of approximately 7% within the out-of-hospital diagnostic market in the Andhra Pradesh and Telangana region as of fiscal year 2020 and a market share of approximately 2% within the entire South India diagnostic market as of fiscal year 2020. Medall, on the other hand, has more than 1,900 points of presence with the majority in the south. Tenet also has a major presence in Telangana with a total 11 centres across Telangana, Andhra Pradesh and Karnataka. Lucid has a total of 24 centres spread across Telangana, Andhra Pradesh and Karnataka.

***Presence in key cities further offers diagnostic players a high demand potential***

As the southern market is known to be brand-conscious and value quality of tests more than the test charges, the market is expected to be led by players who have an established brand image and trust among consumers and healthcare professionals. Further, the major diagnostic players are situated in some of the highly populous cities namely Hyderabad, Visakhapatnam and Vijaywada, which offer them a high demand potential. The prominent diagnostic chains present in the southern region, such as

Vijaya, Apollo Diagnostics, Medall, Thyrocare, SRL, Metropolis, are also well equipped to match up to the customers' demand by employing better equipment, qualified laboratory technicians and advanced technology. They also encourage the rising consumer preference towards wellness and preventive tests, as people in the region are health-conscious. As a result, they strengthen the case for a higher growth outlook for the out-of-hospital diagnostics market in Andhra Pradesh and Telangana region.

*Population of key cities/urban agglomerations in Andhra Pradesh & Telangana, as per Census 2011*

| City / Urban agglomeration | Population (nos.)* |
|----------------------------|--------------------|
| Hyderabad                  | 4,344,437          |
| Visakhapatnam              | 1,057,118          |
| Vijaywada                  | 845,756            |
| Warangal                   | 467,757            |
| Rajahmundry                | 401,397            |
| Kakinada                   | 327,541            |
| Kurnool                    | 275,360            |
| Cuddapah                   | 215,866            |
| Tirupati U.A.              | 188,904            |
| Vizianagaram               | 177,022            |
| Khammam                    | 149,077            |
| Chirala                    | 142,778            |
| Ongole                     | 128,648            |
| Kothagudem                 | 102,137            |

\* Urban Agglomeration has been considered

Source: Census 2011; CRISIL Research

**However, an established regional presence gives players an upper hand**

Key multi-regional diagnostic players in India have established themselves across India, allowing them to cater to untapped markets. However, a strong regional presence has its own advantages, as can be seen across players such as Vijaya.

1. Some of the key advantages of having a regional presence are:

- **Understanding the personality of people** (consumers) in a particular region forms a crucial part of connecting and establishing long-term relationships for any healthcare delivery industry. Players with regional presence often have a strong grasp of the regional languages, culture, expectations, and affordability, among other aspects, which help them connect and bond with their patients from a long-term perspective.
- **Understanding the doctors' requirements** is also an important aspect for a diagnostic centre. Having a regional presence not only gives players access to the key doctors and their expectations from a diagnostic centre, but it also helps players with the possibility of doctors recommending a particular diagnostic centre over the others present in the region, because of well-established trust and strong brand image among doctors.
- **Integrating talent from well-established workforce**, such as laboratory technicians, pathologists and radiologists, also augurs well for established players. There are additional benefits for employees associated with a regional chain, such as easy location transfers for any personal reasons, being closer to home, ease of travel and being associated with a brand.

## COMPETITIVE MAPPING OF KEY PLAYERS

### Comparative analysis of players in the diagnostics sector

CRISIL Research compared the key players in the diagnostics industry. It obtained data 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 considered the following key players: DLPL, SRL, Metropolis, Thyrocare, Vijaya, Medall, Suraksha, Lucid, Tenet and Neuberg.

| Company    | Year of incorporation | Geographic presence** | North <sup>#</sup> | South <sup>#</sup> | East <sup>#</sup> | West <sup>#</sup> |
|------------|-----------------------|-----------------------|--------------------|--------------------|-------------------|-------------------|
| DLPL       | 1995                  | Multi-region          | 69%                | 6%                 | 14%               | 8%                |
| SRL        | 1997                  | Multi-region          | 35%                | 12%                | 21%               | 28%               |
| Metropolis | 1981                  | Multi-region          | 9%                 | 26%                | 6%                | 54%               |
| Thyrocare  | 2000                  | Multi-region          | 24%                | 26%                | 17%               | 31%               |
| Vijaya     | 2002                  | Southern region       |                    |                    |                   |                   |

|          |      |                             |
|----------|------|-----------------------------|
| Medall   | 2009 | Southern region             |
| Suraksha | 2005 | Eastern region              |
| Lucid    | 2007 | Southern region             |
| Tenet    | 2017 | Southern region             |
| Neuberg  | 2017 | Southern and Western region |

Note:

**\*\*Regions contributing to more than 10% of the revenue mix have been considered. For players, Medall, Surekha, Lucid, Tenet and Neuberg, the geographic presence has been arrived at using the concentration of diagnostic centres, and hence, it is only indicative.**

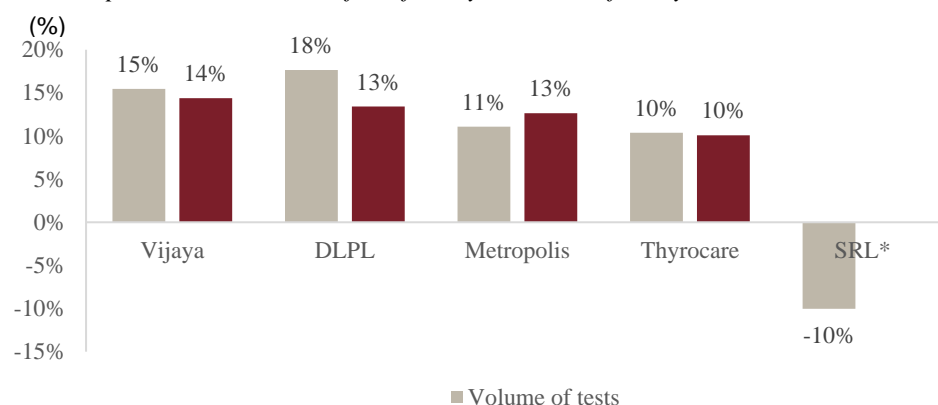
**#All players' regional bifurcation (in terms of revenue) have been represented as presented in the respective company annual reports/investor presentations for fiscal year 2020.**

**CRISIL Research has considered the following bifurcation of states into regions: The West includes Maharashtra, Goa, Gujarat, and Madhya Pradesh; North includes Uttarakhand, Delhi, Haryana, Rajasthan, Bihar, Himachal Pradesh, Jammu and Kashmir, Punjab, Uttar Pradesh, and Chandigarh; South includes Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Andaman and Nicobar Islands, and Puducherry; East includes West Bengal, Chhattisgarh, Jharkhand, Odisha, Meghalaya, Assam, Arunachal Pradesh, Sikkim, Mizoram, Nagaland, Tripura, and Manipur.**

Source: Company annual reports/investor presentations/company website; CRISIL Research

## Key operational parameters of major diagnostics players

Test and patient volume CAGR from fiscal year 2017 to fiscal year 2020



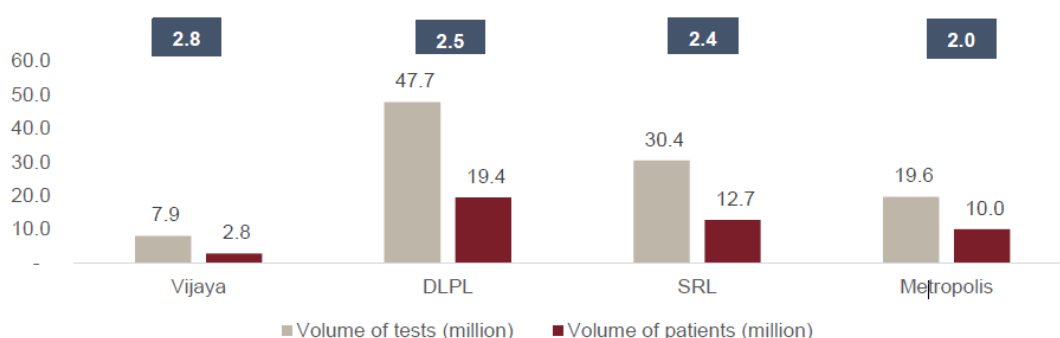
\*For SRL, year-on-year growth between fiscal year 2020 and fiscal year 2019 has been considered on account of difference in disclosures of test volume data for fiscal year 2017 and fiscal year 2018 (JVs were considered for these years).

Source: Companies' annual reports/investor presentations, company website, CRISIL Research

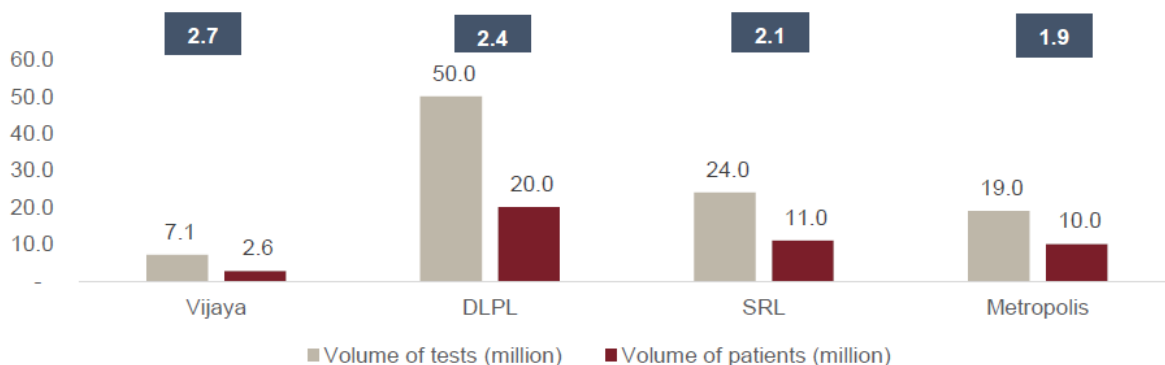
In terms of growth in the number of patients served, Vijaya has registered a robust CAGR of 14% during fiscal year 2017 to 2020. This growth in patients is higher when compared to the three major players, DLPL (13%), Metropolis (13%) and Thyrocare (10%).

In terms of CAGR over fiscal years 2017 to 2020 for volume of tests among the companies compared above (DLPL, SRL, Metropolis, Thyrocare and Vijaya), DLPL has maintained the top position with a CAGR of 18%, followed by Vijaya at a CAGR of 15%.

**Vijaya has higher tests per patient among other key players (as compared below) as of fiscal year 2020**



**Vijaya has higher tests per patient among other key players (as compared below) as of fiscal year 2021**



Note: The figures in the boxes above the bars denote 'tests per patient' value for the respective companies

Thyrocare has been excluded from this analysis as disclosures do not match the definition of other competitors and are not directly comparable

Source: Companies' annual reports/investor presentations, CRISIL Research

In terms of average tests per patient, Vijaya takes the lead among its peers compared above with a ratio of 2.8 tests per patient in fiscal year 2020, followed by DLPL at 2.5 tests per patient. Vijaya's lead can be attributed to its integrated diagnostic offerings.

### Operational parameters, fiscal year 2020

| Parameter                                 | Vijaya  | Thyrocare               | SRL  | Metropolis      | DLPL   |
|---|---|-------------------------|--|-----------------|--|
| Diagnostic services                       | Pathology and radiology   | Pathology and radiology | Pathology and radiology  | Pathology       | Pathology and radiology                                    |
| Test offerings                            | Approximately 2,150   | 408                     | More than 3,700  | More than 4,000 | 4,953  |
| Basic radiology offerings <sup>@</sup>    | Digital X-ray, ultrasound, , mammography, among others.                                     | -                       | Digital X-ray, ultrasound scanning, among others.                              | N.A.            | Digital X-ray, ECG, ultrasound, mammography, among others. |
| Advanced radiology offerings <sup>@</sup> | MRI, Multi slice CT, CBCT (3D dental), PET CT, SPECT, DEXA/bone densitometry, among others. | PET/CT imaging services | PET CT scan, MRI, cardiac CT, Myocardial perfusion imaging test, among others. | N.A.            | Bone densitometry  |
| B2C : B2B ratio/ business model*          | 93:7  | 23:77                   | 40:60  | 44:56           | 60:40  |
| B2C revenue (₹ million) <sup>^</sup>      | 3,136   | 1,001                   | 4,049  | 3,770           | 7,985  |

N.A.: Not available

B2B: Business to business; B2C: Business to consumer

\*Players' B2C to B2B bifurcation has been represented as presented in the respective company annual reports/investor presentations/conference call transcripts basis their internal classification, for fiscal 2020.

<sup>^</sup>Calculated based on operating income for fiscal year 2020

<sup>@</sup>The list of radiology offerings is not exhaustive

Source: Company annual reports/investor presentations/website, CRISIL Research

The segment mix varies across players, with the mix skewed more towards B2B in case of SRL (40:60) and Thyrocare (23:77). Vijaya commands a higher share of B2C revenue (93%) among the key players (DLPL, SRL, Metropolis and Thyrocare) compared above. Vijaya is one of the largest integrated\* diagnostic company in India as of fiscal year 2020 based on operating revenue.

\*A diagnostic centre which provides a combination of diagnostic services across pathology, basic radiology and advanced radiology services is hereby defined as an integrated diagnostic centre

### Key financial parameters of major diagnostics players

#### Key financial parameters

| Key financials (FY20) | Operating income |                   | OPBDIT    |                   | PAT       |                   |
|-----------------------|------------------|-------------------|-----------|-------------------|-----------|-------------------|
|                       | ₹ million        | CAGR FY17 to FY20 | ₹ million | CAGR FY17 to FY20 | ₹ million | CAGR FY17 to FY20 |
| DLPL                  | 13,309           | 13%               | 3,441     | 13%               | 2,276     | 14%               |
| SRL                   | 10,123           | 3%                | 1,743     | 0%                | 856       | -2%               |

| Key financials (FY20) | Operating income   |                   | OPBDIT           |                   | PAT             |                   |
|-----------------------|--------------------|-------------------|------------------|-------------------|-----------------|-------------------|
|                       | ₹ million          | CAGR FY17 to FY20 | ₹ million        | CAGR FY17 to FY20 | ₹ million       | CAGR FY17 to FY20 |
| Metropolis            | 8,569              | 13%               | 2,176            | 11%               | 1,276           | 4%                |
| Thyrocare             | 4,354              | 12%               | 1,747            | 13%               | 884             | 27%               |
| Vijaya                | 3,388              | 15%               | 1,326            | 18%               | 625             | 24%               |
| Medall                | 3,258              | -1%               | 654              | -5%               | -203            | 68%               |
| Suraksha              | 1,570              | 8%                | 3,400            | 14%               | 150             | 50%               |
| Lucid                 | 711                | 28%               | 118              | 24%               | 19              | 20%               |
| Tenet*                | 339                | n.m.              | -55              | n.m.              | -92             | n.m.              |
| Neuberg <sup>#</sup>  | 1,601 <sup>^</sup> | -                 | 165 <sup>^</sup> | -                 | 47 <sup>^</sup> | -                 |

Note: The above financials in the report for Lucid, Suraksha and Tenet are on standalone basis and the rest are on consolidated basis; n.m.: Not meaningful; OPBDIT: Operating profit before depreciation, interest and tax; PAT: Profit after tax

<sup>#</sup>Neuberg's financials are only available for fiscal years 2018 and 2019

<sup>^</sup> Figures for fiscal year 2019 and year-on-year growth for fiscal year 2019 over fiscal year 2018

\*Financials available for fiscal years 2018 to 2020 only. CAGR considered for calculations are from fiscal years 2018 to 2020.

Source: Company annual reports, CRISIL Research

Large players with a strong presence in South India such as Vijaya (16%) have registered better on-year growth in terms of operating income than players like DLPL (11%), SRL (1%), Metropolis (13%) and Thyrocare (7%) over fiscal year 2020.

In terms of CAGR during fiscal years 2017 to 2020 for operating income, Lucid registered 28% growth followed by Vijaya (15%).

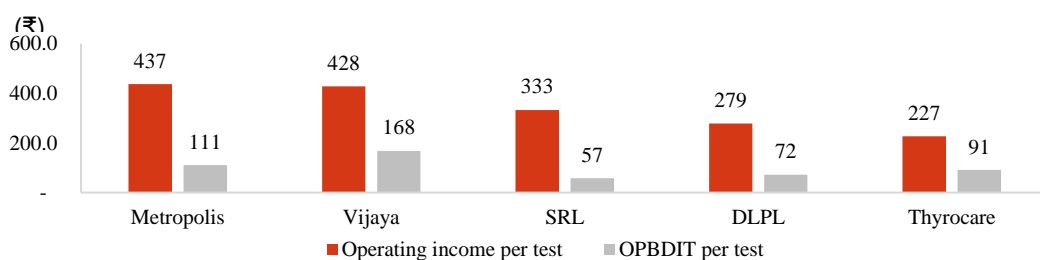
When compared with the large players in terms of operating income growth during fiscal years 2017 to 2020, Vijaya logged a CAGR of 15%, making it one of the fastest-growing diagnostic firms in terms of revenue among the large scale players compared above.

In terms of OPBDIT growth rates for fiscal year 2020 Vijaya led the charts when compared to the peer set above, with a growth of 41% year-on-year, followed by Lucid (39%) and DLPL (17%).

In terms of on-year growth in PAT in fiscal year 2020, Lucid (52%) and Vijaya (26%) led the charts among the peers compared above. In contrast, during the same period, the on-year growth of certain players under consideration has been less than 5% or negative (Thyrocare, Metropolis, SRL, and Medall). Among the large peers with positive PAT, the highest CAGR during fiscal years 2017 to 2020 was achieved by Thyrocare (27%) and Vijaya (24%).

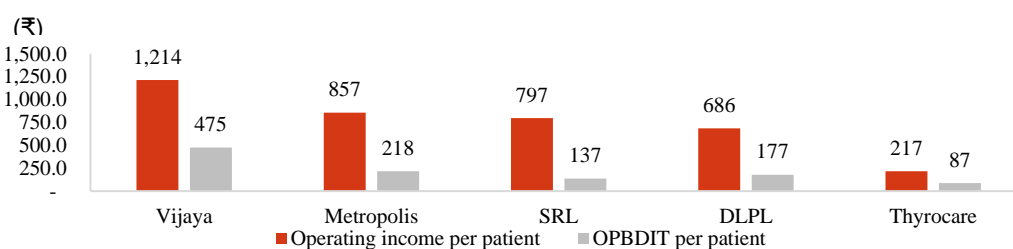
Note: For the sake of assessment, CRISIL Research has classified the players under consideration with operating income above ₹ 3,000 million as large (DLPL, SRL, Metropolis, Thyrocare, Vijaya and Medall) and major southern region players (Vijaya, Medall, Lucid, Tenet and Neuberg).

**Vijaya has higher operating income and OPBDIT per test among other key players (as compared below) as of fiscal year 2020**



Source: Company annual reports/investor presentations, CRISIL Research

**Vijaya has the highest operating income and OPBDIT per patient among other key players (as compared below) as of fiscal year 2020**



Source: Company annual reports/investor presentations, CRISIL Research



An analysis of OPBDIT per test for fiscal 2020 reveals Vijaya (₹ 168) as the leading player among the large peers compared above, followed by Metropolis (₹ 111). In terms of operating income per test, Vijaya (₹ 428) holds the second position after Metropolis (₹ 437).

Further, an analysis of operating income per patient and OPBDIT per patient for fiscal year 2020 also reveals Vijaya as a leading player among the large players considered for assessment, followed by Metropolis. This lead of Vijaya among key players indicates a strong brand recall and trust among customers. Vijaya's regional presence, combined with a comprehensive suite of diagnostic services under an integrated model across pathology, radiology, nuclear medicine, imaging, gastroenterology, cardiology and neurology can be attributed as its growth drivers, enabling it to capture a larger wallet share in the industry.

### Key financial ratios of major diagnostics players

| Key financial ratios (FY20) | Gross margin (%) | OPBDIT margin (%) | Net profit margin (%) | RoCE (%) | Working capital days | CFO/OPBDIT # | FOCF/OPBDIT # |
|-----------------------------|------------------|-------------------|-----------------------|----------|----------------------|--------------|---------------|
| DLPL*                       | 43%              | 25.9              | 17.1                  | 34.1     | -60                  | 0.8          | 0.5           |
| SRL*                        | 35%              | 17.2              | 8.5                   | 13.2     | -37                  | 0.9          | 0.7           |
| Metropolis*                 | 51%              | 25.4              | 14.9                  | 40.3     | -54                  | 0.7          | 0.5           |
| Thyrocare                   | 55%              | 40.1              | 20.3                  | 35.5     | 11                   | 0.7          | 0.4           |
| Vijaya                      | 62%              | 39.1              | 18.4                  | 30.9     | -149                 | 0.8          | 0.3           |
| Medall                      | 39%              | 20.1              | (6.2)                 | 2.3      | 191                  | 0.8          | 0.1           |
| Suraksha                    | NA               | 21.6              | 9.7                   | 16.5     | NA                   | NA           | NA            |
| Lucid                       | 31%              | 16.5              | 2.6                   | 11.3     | 33                   | 0.6          | -0.8          |
| Tenet®                      | 12%              | (16.1)            | (27.2)                | (37.3)   | -258                 | 1.0          | 2.3           |
| Neuberg**                   | 34%              | 10.3              | 2.9                   | 4.0      | -55                  | N.A.         | N.A.          |

Note: The above financials in the report for Lucid, Suraksha and Tenet are on standalone basis and the rest are on consolidated basis; n.m.: Not meaningful; RoCE: Return on capital employed; NA: Not available due to insufficient data;

\*These players have negligible debt

\*\*Neuberg's financials are available only for fiscal years 2019 and 2018 in public domain

#These ratios have been considered as an average over fiscal years 2017 to 2020

@CFO/OPBDIT and FOCF/OPBDIT for Tenet are an average over fiscal years 2018 to 2020

Ratios calculated as per CRISIL Research standards are described below:

- $OPBDIT\ margin = OPBDIT / operating\ income$
- $Net\ profit\ margin = Profit\ after\ tax / operating\ income$
- $RoCE = Profit\ before\ interest\ and\ tax\ (PBIT) / [total\ debt + adjusted\ net\ worth\ (includes\ only\ goodwill\ as\ part\ of\ intangible\ net\ worth) + deferred\ tax\ liability]$
- $Working\ capital\ days = receivable\ days + inventory\ days - payable\ days$
- $CFO = Cash\ flow\ from\ operations$
- $FOCF = Free\ operating\ cash\ flow$

CRISIL Research takes into account tangible net worth for calculation of gearing ratio.

Source: Companies' annual reports, CRISIL Research

Among the peers considered above, Vijaya ranks first in terms of gross margin as of fiscal year 2020. Among the peers considered above, the top three players with the highest OPBDIT margin for fiscal year 2020 are Thyrocare (40.1%), Vijaya (39.1%) and DLPL (25.9%). Among the major southern region players compared above, Vijaya has the highest OPBDIT margin (39.1%) for fiscal year 2020, followed by Medall (20.1%).

The highest net profit margins for fiscal year 2020, among all the players considered, are held by Thyrocare with 20.3%, followed by Vijaya at 18.4% and DLPL at 17.1%. Among the major southern region players compared above, Vijaya ranked higher than the others in terms of net profit margins with 18.4% growth for fiscal year 2020.

Among all the peers compared above, the highest RoCE is held by Metropolis (40.3%), followed by Thyrocare (35.5%), DLPL (34.1%) and Vijaya (30.9%). However, among the major southern players compared above, the highest RoCE for fiscal year 2020 was held by Vijaya, followed by Lucid at 11.3%.

Note: For the sake of assessment, CRISIL Research has classified the players under consideration with operating income above ₹ 3,000 million (DLPL, SRL, Metropolis, Thyrocare, Vijaya and Medall) as large and major southern players (Vijaya, Medall, Lucid, Tenet and Neuberg).



## OUR BUSINESS

*Unless otherwise indicated, industry and market data used in this section have been derived from the CRISIL Report prepared and released by CRISIL Limited and commissioned and paid for by our Company to confirm our understanding of our industry specifically for the purpose of the Offer.*

### OVERVIEW

We are the largest integrated diagnostic chain in southern India, by operating revenue, and also one of the fastest-growing diagnostic chain by revenue for fiscal year 2020 (*Source: CRISIL Report*). We offer a one-stop solution for pathology and radiology testing services to our customers through our extensive operational network, which consists of 81 diagnostic centres and 11 reference laboratories across 13 cities and towns in the states of Telangana and Andhra Pradesh and in the National Capital Region and Kolkata as on June 30, 2021. For the three months ended June 30, 2021 and the fiscal year 2021, we derived 95.91% and 96.20% of our revenue from operations from our core geographies, Hyderabad and rest of Telangana and Andhra Pradesh, respectively.

Our history can be traced back to 1981, when our Promoter and Chairman, Dr. S. Surendranath Reddy established the first Vijaya Diagnostic Centre in Hyderabad, with a vision of providing comprehensive, innovative and high quality diagnostic services under one roof, in a reliable, affordable and customer-centric manner. The business was carried out under sole proprietorship, which was later taken over by our Company in 2005. According to the CRISIL Report, the Indian diagnostics market was valued at approximately ₹ 710 billion to ₹ 730 billion in the fiscal year 2021, and is projected to grow at CAGR of around 12% to 13% to reach approximately ₹ 920 billion to ₹ 980 billion by fiscal year 2023, driven by rise in health awareness and disposable incomes, increase in demand for better healthcare facilities and quality of care of individuals, and increase in spending on preventive and wellness. Furthermore, according to the CRISIL Report, the diagnostics market in Telangana and Andhra Pradesh, the states in which we have a significant presence, is projected to grow to approximately ₹ 120 billion to ₹ 130 billion by fiscal year 2023. We believe that the combination of our strong brand position driven by our long operating history in our core geographies, extensive network and reputation for providing quality diagnostic services positions us well to continue to grow our business in Telangana and Andhra Pradesh markets and take advantage of the growth of the Indian diagnostic industry.

We offer a comprehensive range of approximately 740 routine and 870 specialized pathology tests and approximately 220 basic and 320 advanced radiology tests that cover a range of specialties and disciplines, as of June 30, 2021. Our test menu includes pathology tests ranging from basic biochemistry and clinical pathology to cytogenetics and high-end molecular diagnostic tests, and radiology tests ranging from basic echocardiograms, X-rays and ultrasounds to advanced radiology tests including computerised tomography (“CT”) scans, magnetic resonance imaging (“MRI”) scans, single photon emission computed tomography (“SPECT”) and advanced positron emission tomography CT (“PET CT”). We also offer a broad spectrum of health and wellness packages to our customers as per their requirements. We focus on a customer centric approach to enhance the overall quality of our services for optimal customer satisfaction. For convenience of our customers, we provide value-added services such as home collection of specimens, house calls and various delivery or access modes (i.e., at diagnostic centres, SMS, email and web portal) for test reports. Several factors, including the strength of our brand, integrated services model, quality of our diagnostic services, center infrastructure and customer experience, convenience of our operational network and home collection in our core geographies are important differentiating factors in customers choosing us as their preferred diagnostic service provider, which helps us in retaining our customers, and sets us apart from our competitors.

We have implemented a ‘hub and spoke’ model, whereby specimens are collected across multiple locations within a catchment area or a region for delivery to our reference laboratories for diagnostic testing. This model provides greater economies of scale and enhances consistency of our testing procedures and results. All of our centres offer integrated diagnostics services (pathology and radiology tests under one roof) with smaller spokes offering pathology tests and basic radiology tests and hub centres (ARCs) offering pathology tests, basic radiology tests and advanced radiology tests such as MRI, HRCT, SPECT and PET CT. As of June 30, 2021, our operational network consists of diagnostic centre network of (i) a flagship centre located in Hyderabad, which is our main ‘hub’ and equipped to conduct all of pathology specimens collection, basic and advanced radiology tests; (ii) 20 hub centres, which are equipped to conduct all of pathology specimens collection, basic radiology tests and certain advanced radiology tests; and (iii) 60 diagnostic centres, which are equipped to conduct a majority of pathology specimen collection and certain basic radiology tests; and a laboratory network of (i) a national reference laboratory co-located with our flagship centre; and (ii) 10 reference laboratories co-located with certain hub centres and diagnostic centres. Our diagnostic services are provided by a medical professional team consisting of 74 laboratory doctors, 19 physicians, 105 radiologists and 1,027 well-trained technical staff in our operational network, as of June 30, 2021. As of June 30, 2021, all of our laboratories hold National Accreditation Board for Testing and Calibration Laboratories (“NABL”) and three of our diagnostic centres hold Patient Safety & Quality of Care (“NABH”) accreditations.

Our individual consumer business contributed to 93.06% and 92.09% of our revenue from operations for the three months ended June 30, 2021 and the fiscal year 2021, owing to the trust built while rendering, over decades, quality diagnostic services and experience gained. Over the years, we have received several awards that recognize the strength of our brand and our focus on offering superior diagnostic services. For examples, we were recognized as “One of the Best Healthcare Brands-2021” by The Economic Times in 2021, “For excellence in Quality and Accuracy” under the category Leading Diagnostics company with Excellence in Quality and Safety at the Diagnostics Leadership Summit in 2021, “Most Trusted Diagnostic Centre of the year – India” at the Indo-Arab Leaders Summit & Awards in 2019, “Best Diagnostic Centre of the Year” by Times Healthcare Achievers, The Times of India in 2019, “10 Most Trusted Brands of the Year” by the Business Sight Magazine in 2019 and “Telangana Healthcare Leadership Award” by the Telangana Government in 2018.

Our Company was founded and promoted by Dr. S. Surendranath Reddy, our executive Chairman, who is a first generation entrepreneur and has more than four decades of experience in integrated diagnostics business and is a radiologist. Our CEO, Sura Suprita Reddy, and executive director, Sunil Chandra Kondapally, have been involved in our business and operations since 2003 and 2002, respectively. Our shareholders include our Promoter, Dr. S. Surendranath Reddy, and marquee investors, Karakoram Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1; and we believe we have benefited significantly from their vision and leadership, and they along with our senior management, have been instrumental in formulating and executing the core strategy of our Company.

During three months ended June 30, 2021, we conducted approximately 1.96 million pathology tests and 0.22 million radiology tests for approximately 0.94 million customers. During fiscal year 2020, our tests per customer visit was 2.83, our operating revenue per customer was ₹ 1,213.72 and our operating revenue per test was ₹ 428.14, all of which are higher as compared to our listed regional peers as per the CRISIL Report.

Our leadership position and scale of operation have translated to our strong financial performance. For the three months ended June 30, 2021 and the fiscal years 2021, 2020 and 2019, our total income was ₹ 1,259.70 million, ₹ 3,885.93 million, ₹ 3,541.82 million and ₹ 3,029.44 million, respectively and our profit/(loss) for the period/year was ₹ 333.25 million, ₹ 849.11 million, ₹ 625.07 million and ₹ 462.72 million, respectively. For the three months ended June 30, 2021 and the fiscal years 2021, 2020 and 2019, our cash generated from operations was ₹ 509.45 million, ₹ 1,296.43 million, ₹ 1,061.12 million and ₹ 905.27 million, respectively. For the three months ended June 30, 2021 and the same years, we achieved adjusted EBITDA of ₹ 568.55 million, ₹ 1,659.77 million, ₹ 1,326.21 million and ₹ 1,081.20 million, and a return on capital employed (pre cash) of 15.25% (Not annualised), 42.00%, 33.28% and 30.06%, respectively.

## OUR COMPETITIVE STRENGTHS

Our key competitive strengths include:

- largest and fastest growing diagnostic chain with dominant position in south India (*Source: CRISIL Report*), well positioned to leverage the high growth in Indian diagnostics industry;
- integrated diagnostics provider that offers one-stop solution at affordable price with focus on superior quality standards;
- high brand recall driving high individual consumer business share and customer stickiness;
- strong technical capabilities, quality infrastructure and state of the art medical technology with strong IT infrastructure; and
- dedicated management team with significant industry experience.

### ***Largest and Fastest Growing Diagnostic Chain with Dominant Position in South India, Well Positioned to Leverage the High Growth in Indian Diagnostics Industry***

We are the largest integrated diagnostic chain in southern India, by operating revenue, and also one of the fastest-growing diagnostic chain by revenue for fiscal year 2020 (*Source: CRISIL Report*). Our history can be traced back to 1981, when our Promoter and Chairman, Dr. S. Surendranath Reddy established the first Vijaya Diagnostic Centre in Hyderabad. We have built an extensive operational network consisting of 81 diagnostic centres including a flagship centre located at Hyderabad, and 11 co-located reference laboratories, including a national reference laboratory at our flagship diagnostic centre, across 13 cities and towns in the states of Telangana and Andhra Pradesh and in National Capital Region and Kolkata, as of June 30, 2021. For the three months ended June 30, 2021, we derived 87.18% and 8.73% of our revenue from operations from Telangana and Andhra Pradesh, respectively. For the fiscal year 2021, we derived 86.21% and 9.99% of our revenue from operations from Telangana and Andhra Pradesh, respectively.

The diagnostics industry in India is highly competitive and fragmented (*Source: CRISIL Report*). Standalone centres dominate the Indian diagnostic market with approximately 45% to 50% market share, while hospital-based centres have approximately 35% to 40% market share for the fiscal year 2020 (*Source: CRISIL Report*). Diagnostic chains have approximately 12% to 17% market share for the fiscal year 2020 and are further split into regional and multi-regional chains (*Source: CRISIL Report*). The industry has witnessed a shift from standalone centres to diagnostics chains due to increasing trend of patients’ reliance on organized diagnostic providers for quality services and unavailability of complex tests with standalone centres, not only on an overall country level but also at the regional markets level (*Source: CRISIL Report*).

According to the CRISIL Report, the Indian diagnostics market was valued at approximately ₹ 710 billion to ₹ 730 billion in the fiscal year 2021, and is projected to grow at CAGR of around 12% to 13% to reach approximately ₹ 920 billion to ₹ 980 billion by fiscal year 2023 driven by rise in health awareness and disposable incomes, increase in demand for better healthcare facilities and quality of care of individuals, and increase in spending on preventive and wellness. Further, according to the CRISIL Report, the diagnostics market in Telangana and Andhra Pradesh, the states in which we have a significant presence, is projected to grow to approximately ₹ 120 billion to ₹ 130 billion by fiscal year 2023. We believe that the combination of our strong brand position driven by our long operating history in our core geographies, our extensive operational network and our reputation for providing quality diagnostic services positions us well to continue to grow the scale of our business in Telangana and Andhra Pradesh market and take advantage of growing Indian diagnostic market. In addition, we expect that we will be able to grow from potential acquisitions of standalone diagnostic centres and laboratories.

### ***Integrated Diagnostics Provider that Offers One-Stop Solution at Affordable Price***

We offer a comprehensive range of approximately 1,610 pathology tests, which are organised into approximately 740 routine tests and 870 specialized tests, as well as approximately 220 basic and 320 advanced radiology tests that cover a range of specialties and disciplines, as of June 30, 2021. Our test menu includes (i) pathology tests ranging from basic biochemistry and clinical pathology to cytogenetics and high-end molecular diagnostic tests, including protein chemistry, cellular immunology, flowcytometry, genetics, cytogenetics, immunohistochemistry and advanced microbiology tests, and (ii) radiology tests ranging from basic echocardiograms, X-rays and ultrasounds to advanced radiology tests such as MRI, HRCT, SPECT and PET CT. We currently also offer RT-PCR testing and/or CT scan for COVID-19 diagnosis across 33 diagnostic centres in 11 cities and towns and COVID-19 vaccination services at our Kolkata and Gurugram diagnostic centres. We are one of the earliest private diagnostic service providers to be approved for COVID RT-PCR testing by India Council of Medical Research in Andhra Pradesh and Telangana (*Source: List of Private Laboratories to test COVID-19 published on March 24, 2020*). Given our focus on the provision of integrated diagnostic services, we have provided 2.8 tests per customer on average fiscal year in fiscal year 2020, that is higher than other listed regional/multi-regional diagnostic chains, according to the CRISIL Report. We believe, our ability to provide one-stop diagnostic solution is an important factor in customers choosing us as their diagnostic service provider, helps us in retaining our customers, and sets us apart from our competitors.

We focus on providing customers quality, hygienic and reliable diagnostic services at affordable prices in India. Our ‘hub and spoke’ model allows specimens to be collected across multiple locations within a catchment area or a region for delivery to our reference laboratories for diagnostic testing, that provides greater economies of scale and enhances consistency of our testing procedures. All of our diagnostic centres offer a mix of pathology specimens collection and radiology testing services with smaller spokes offering basic radiology and hub centres (ARCs) offering advanced radiology testing services such as MRI, HRCT, SPECT and PET CT. As of June 30, 2021, our operational network consists of diagnostic centre network of (i) a flagship centre located in Hyderabad, which is our main ‘hub’ and equipped to conduct all of pathology specimens collection, basic and advanced radiology tests; (ii) 20 hub centres, which are equipped to conduct all of pathology specimens collection and basic radiology tests and certain advanced radiology tests; and, (iii) 60 diagnostic centres, which are equipped to conduct a majority of pathology specimens collection and certain basic radiology tests; and laboratory network of (i) a national reference laboratory co-located with our flagship diagnostic centre; and (ii) 10 reference laboratory co-located with certain hub centres and diagnostic centres. Our diagnostic services are provided by a medical professional team consisting of 74 laboratory doctors, 19 physicians, 105 radiologists and 1,027 well-trained technical staff in our operational network, as of June 30, 2021. As of June 30, 2021, all of our laboratories hold National Accreditation Board for Testing and Calibration Laboratories (“NABL”) and three of our diagnostic centres hold Patient Safety & Quality of Care (“NABH”) accreditations.

### ***High Brand Recall and Commitment to Superior Quality driving High Individual Consumer Business Share and Customer Stickiness***

We have built a trusted, high quality and reliable brand of choice over the last four decades. Over the years, we have received awards that recognize the strength of our brand and our focus on offering superior diagnostic services. For example, we were recognized as “One of the Best Healthcare Brands-2021” by The Economic Times in 2021, “For excellence in Quality and Accuracy” under the category Leading Diagnostics company with Excellence in Quality and Safety at the Diagnostics Leadership Summit in 2021, “Most Trusted Diagnostic Centre of the year – India” at the Indo-Arab Leaders Summit & Awards in 2019, “Best Diagnostic Centre of the Year” by Times Healthcare Achievers, The Times of India in 2019, “10 Most Trusted Brands of the Year” by the Business Sight Magazine in 2019 and “Telangana Healthcare Leadership Award” by the Telangana Government in 2018. For further details, see “History and Certain Corporate Matters – Awards, accreditations and recognitions received by our Company” on page 131. Customers choose us because of our well-established brand name and superior diagnostic service experience. A substantial majority of our customers are individual customers, with over 92.09% of our revenue from operations for the fiscal year 2021, being directly attributed to our individual consumer business, as a result

of our trusted and quality diagnostic services built over decades of experience. See “– Description of our Business – Our Customers – Individual Consumer Business” on page 119.

We focus on a customer centric approach to delivering our best services that leads to high customer satisfaction and increasing customer stickiness. Our diagnostic centres are designed in accordance with high quality specifications, which include requirements in relation to design of work area, physical infrastructure and placement of technical equipment, with an aim to provide our customers with uniformity of experience for visit across our diagnostic centres. For convenience of our customers, we provide value-added services such as home collection of specimens, house calls and various delivery and access modes (i.e., at diagnostic centres, SMS, email, web portal) to test reports. Our home collection service allows specimens to be collected from our customers’ locations, such as their homes or offices, in nine cities in India, as of June 30, 2021. We believe our focus on the consumer and, together with what we believe is our brand’s recognition for quality diagnostic services, results in higher brand recall in our core geographies and enable us to have a high share of walk-in customers leading to sticky individual consumer revenues.

### ***Robust Technical Capability and State of the Art Technology with Strong IT Infrastructure***

Our strong technical capability and ability to adopt to the latest technologies in the diagnostic industry allow us to provide high quality and reliable diagnostic services to our customers. As of June 30, 2021, our radiology testing operations are supported by radiology equipment including 15 CT machines, 18 MRI machines and five PET CT/Gamma machines, which we believe represent the leading technology used in the field, and a team of 105 radiologists across our diagnostic centres. Diagnostic centres have to constantly upgrade their technology to stay ahead of the competition which involve significant capital investment and maintenance cost (*Source: CRISIL Report*). We believe that owing to our continuous investment and the long standing relationships we enjoy with certain medical technology vendors, we have been at the forefront of introducing new tests by adopting the latest medical technologies across our operational network. For instance, we believe that we were among the first diagnostic services providers in south India to offer PET-CT scan in 2008.

Our diagnostic centre operations are supported by front-end centralized information technology platform. We use Laboratory Information Management System (“**LIMS**”) to automate laboratory workflows, manage samples, test results and associated data for pathology tests, a fully integrated Radiology Information Systems (“**RIS**”) - Picture Archive and Communication Systems (“**PACS**”) to manage radiology workflows, archive and access images from multiple modalities and locations for radiology tests. Our front-end information technology system enables us to (i) achieve standardization across our operations; (ii) reduce incidence of errors due to human intervention; (iii) monitor technical operations; (iv) closely track our key performance metrics and maintain the turn-around time (“**TAT**”); (v) provide convenience to our consumers and customers, by allowing them to book appointments, complete registration and access test reports online; and (vi) allows consumers to make payments online (via a secured gateway). We have also adopted back-end centralized LIMS and ERP system which allow us to more efficiently manage every aspect of our operation, including optimal utilisation of our equipment, billing and receivables management, inventory management, central purchasing and financial controls.

### ***Long Track Record of Delivering Consistent Profitable Growth, with Strong Cash Generation and Return Metrics***

Our business has demonstrated strong financial performance over the three months ended June 30, 2021 and the last three fiscal years ended March 31, 2021. For the three months ended June 30, 2021, we recorded a total income of ₹ 1,259.70 million. During the same period, our operating revenue per test was ₹ 562.31 and OPBDIT per test was ₹ 260.59; our operating revenue per customer was ₹ 1,298.96 and OPBDIT per customer was ₹ 601.39. For the fiscal year 2021, we recorded a total income of ₹ 3,885.93 million, representing a CAGR of 13.26% for fiscal years 2019 to fiscal year 2020; our operating revenue per test was ₹ 428 and OPBDIT per test was ₹ 168 for fiscal year 2020; while our operating revenue per customer was ₹ 1,214 and OPBDIT per customer was ₹ 475 for fiscal year 2020. Our OPBDIT margin ranked second among other major diagnostics players as per the CRISIL Report. In addition to our high OPBDIT margins, our attractive financial profile is also evidenced by negative working capital and high cash flow generation leading to our strong net cash position. We have also enjoyed return on net worth of 23.64% and the return on capital employed (pre cash) of 42.00% during the fiscal year 2021.

Our financial performance is due to a combination of (i) a “hub and spoke” model that both yields economies of scale and provides network and operation cost optimization benefits which has driven high margin as well as high return metrics, (ii) high number of tests, revenue and Adjusted EBITDA per footfall driven by our integrated model and high individual consumer business mix, which has translated into high cash flow conversation, and (iii) a network whose size enhances our purchasing power with suppliers. For the fiscal year 2020, our average test per customer was 2.8, operating revenue per customer was ₹ 1,214 and OPBDIT per customer was ₹ 475, all of which are higher as compared to our listed peers as per the CRISIL Report.

### ***Dedicated Management Team with Significant Industry Experience***

We are led by a strong and dedicated team of experienced professionals with skill sets that are complementary and, we believe, requisite for the fast-growing Indian diagnostic market. Members of our management team have experience in the healthcare industry, and, under their leadership over the last several years, we have grown rapidly and increased both the productivity and efficiency of our network.

Several key members of our management team including our Chairman, Chief Executive Officer, Executive Director, Chief Financial Officer and Company Secretary have extensive functional/industry experience. In particular, our Promoter and Chairman, Dr. S. Surendranath Reddy, has more than four decades of experience in integrated diagnostics business and is a radiologist. Our Chief Executive Officer, Ms. S. Suprita Reddy, also has significant industry experience and has been leading our business since 2003. For details, see “*Our Management – Key Managerial Personnel*” on page 151.

Our Board of Directors, includes a combination of management executives and experts from healthcare industry. The combination of our experienced Board of Directors and our dynamic management team positions us well to capitalize on future growth opportunities.

## **OUR STRATEGY**

The key elements of our business strategy are as follows:

### ***Deepen Footprint in our Core Markets***

We intend to strengthen our presence in regions in which we operate, with emphasis on the states of Telangana and Andhra Pradesh. According to the CRISIL Report, out of hospital diagnostics market was valued at approximately ₹ 390 billion to ₹ 395 billion in the fiscal year 2020, and is projected to grow at CAGR of around 12% to 13% to reach approximately ₹ 555 billion to ₹ 565 billion by fiscal year 2023. We have significant presence and operational experience in Telangana and Andhra Pradesh, and derived 87.18% and 8.73% of our revenue from operations from these states for the three months ended June 30, 2021, respectively and 86.21% and 9.99% of our revenue from operations from these states for the fiscal year 2021, respectively. We intend to deepen our penetration and increase customer base to consolidate leading position in our core markets by (i) expanding service network by opening additional diagnostic centres; (ii) enhancing our laboratory capacity and test menu by adding latest technologies; (iii) increasing our business from individual customers by offering a portfolio of additional services; (iv) physician engagement through medical awareness initiatives and meetings with medical practitioners; and (v) increased focus on preventive and wellness offerings. We also plan to selectively explore franchisee opportunities with strong local entrepreneurs to augment own centres.

### ***Leveraging our Existing Presence by Focusing on Setting up Spoke Centres and Increasing Home Collection in Existing Catchment Areas***

The diagnostic market in India is under-penetrated relative to its potential demand. We will continue to focus on expanding our network through setting up spokes and select hub centres in existing catchment areas. In addition, we would also be adding reference laboratories in our existing core geographies. In recent years, we have successfully used “hub and spoke” model to grow our business and the total number of our spokes have grown from 45 as of April 1, 2019 to 60 as of June 30, 2021. In light of our success, we plan to set up additional diagnostic centres in Telangana and Andhra Pradesh. In addition, increasing competition has prompted industry players to adopt various techniques to differentiate themselves in terms of bandwidth, such as providing home pick-up and point-of-contact testing, according to the CRISIL Report. We plan to increase our home collection services in core geographies to reach out to more customers.

### ***Continue to Focus on Providing Customer Centric Services and Offerings***

We plan to increase the breadth of our diagnostic services by offering additional preventive and wellness services and through, among other things, the adoption of new, cutting-edge diagnostic testing technology, as we believe this will expand our scope of diagnostic services and further enhance the reputation of our brand. For example, we intend to offer more preventive and wellness packages, preventive healthcare screening and chronic and lifestyle disease management services to individual and corporate customers, given the increasing health awareness of, and concomitant increase in, chronic and lifestyle diseases in India. This would include additional development in the areas of genetics, molecular and oncology testing, as well as an expansion of our current chronic disease management and wellness programs.

We also intend to enhance our pathology and radiology test offerings by creating customized packages to our customers, based on customers’ age, sex and medical history, to cater to specific their needs. We expect that these packages will increase revenue per customer visit. Leveraging the current needs of our customer base, we offer RT-PCR testing for COVID-19 diagnosis across 25 diagnostic centres in nine cities and towns and COVID-19 vaccination services at our diagnostic centres located at Kolkata, West Bengal and Gurugram, Haryana, and intend to grow these test offerings to few other diagnostic centres/hubs. Our

dedicated sales and marketing team will continue to promote our specialty tests and disease specific profiles and grow our corporate customer base by marketing our healthcare proposition to human resource departments and other corporate decision makers.

### ***Expand in Adjacent Geographies and East India***

We intend to establish our presence in adjacent geographies of Telangana and Andhra Pradesh and expand in concentric circles. We have identified key cities and towns that we believe are underserved, and where our brand is well-regarded. We expect that a wider geographic reach will expand our customer base as well as improve our profitability by allowing us to better leverage our infrastructure.

We also plan to expand our presence in east India, in particular Kolkata. We believe that the growing demand presents us with an opportunity to establish a network of our diagnostic centres in east India. We intend to replicate our “hub and spokes” model while expanding into east India. In 2014, we acquired a majority stake in Medinova, a diagnostic service provider which currently has an established hub in Kolkata, and successfully integrated it into our operational network. Medinova has contributed 3.70% and 3.38% of our revenue from operations for the three months ended June 30, 2021 and the fiscal year 2021. We plan to set up additional diagnostic centres in this region. Given the expected increase in demand for diagnostic services in East India, we expect Kolkata to be one of the focus areas of our medium to long term growth.

### ***Supplement Organic Growth with Selective Acquisitions***

We intend to supplement our organic growth with selective acquisitions of/strategic partnerships with brands with strong vintage and market position in adjacent markets. According to the CRISIL Report, while the diagnostics industry is highly fragmented, demand for quality of service and complex tests from customers, as well as high capital expenditure requirements for radiology provides opportunity for faster consolidation in the diagnostics industry in India. In light of this opportunity, we will actively explore select expansion opportunities through strategic acquisitions of/partner with regional diagnostic service providers who possess brand recognition among an existing customer base to, among others:

- increase our customer base to consolidate our position in core markets in which we currently operate;
- achieve operating leverage in core markets by unlocking potential efficiency and synergy benefits;
- strengthen or expand our technological capabilities; and
- grow in new markets.

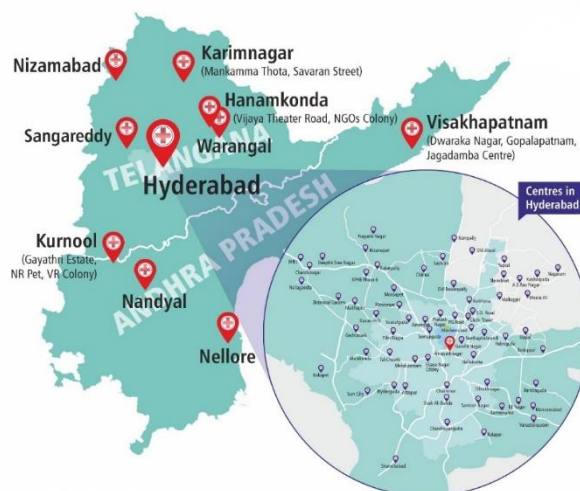
When evaluating acquisition targets, we primarily take into account a number of factors such as brand, customer base, customer centric focus and culture, technical capability and resources. We are the largest integrated diagnostic chain in southern India, by operating revenue (*Source: CRISIL Report*). Given our leading market position, in-depth industry experience and expertise, we are well positioned to take advantage of the expected consolidation opportunities and shift towards organized providers in the Indian diagnostics market.

## **DESCRIPTION OF OUR BUSINESS**

### **Our Geographical Spread**

We offer integrated diagnostic services to our customers through a network of diagnostic centres and reference laboratories across 13 cities and towns in the states of Telangana and Andhra Pradesh and in National Capital Region and Kolkata. Over the years, we have grown rapidly through our singular focus on expanding our core market of Hyderabad and rest of Telangana and Andhra Pradesh.

The map below depicts the geographical spread of our network of diagnostic centres and reference laboratories in Telangana and Andhra Pradesh, as of June 30, 2021:



The chart below sets forth number of our centres by cities and/or regions for the three months ended June 30, 2021 and the fiscal years 2021, 2020 and 2019:

(No. of Centres)

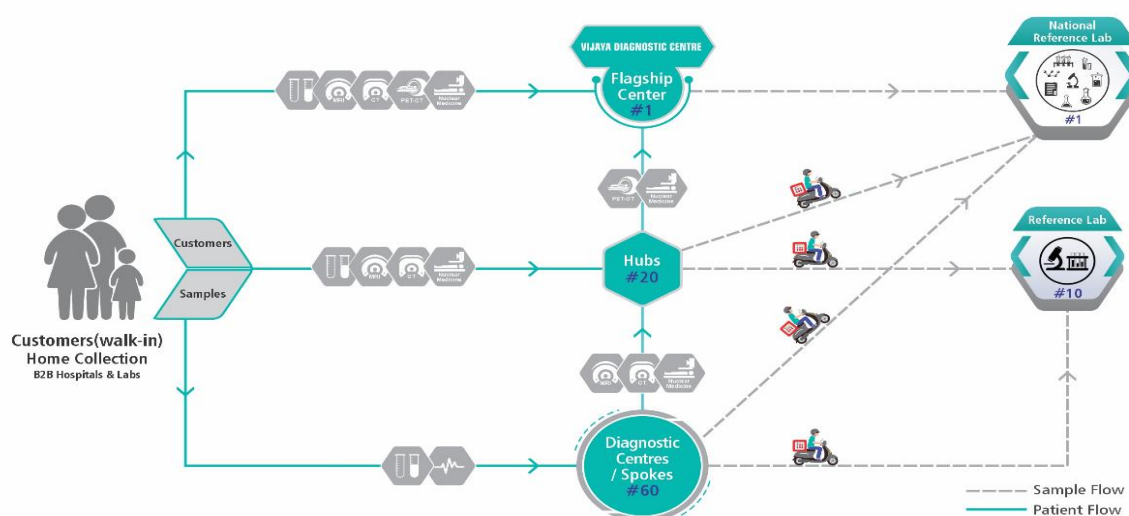
| City/ Region                         | As of June 30, 2021 | As of March 31, |           |           |
|--------------------------------------|---------------------|-----------------|-----------|-----------|
|                                      |                     | 2021            | 2020      | 2019      |
| Hyderabad                            | 64                  | 63              | 58        | 46        |
| Rest of Telangana and Andhra Pradesh | 15                  | 15              | 13        | 12        |
| Others                               | 2                   | 2               | 2         | 3         |
| <b>Total</b>                         | <b>81</b>           | <b>80</b>       | <b>73</b> | <b>61</b> |

The chart below sets forth our revenue from operations by cities and/or regions for the three months ended June 30, 2021 and the fiscal years 2021, 2020 and 2019:

(₹ in million)

| City/ Region                         | As of June 30, 2021 | As of March 31, |                 |                 |
|--------------------------------------|---------------------|-----------------|-----------------|-----------------|
|                                      |                     | 2021            | 2020            | 2019            |
| Hyderabad                            | 1,003.07            | 3,041.86        | 2,896.85        | 2,490.93        |
| Rest of Telangana and Andhra Pradesh | 173.62              | 582.31          | 370.98          | 279.30          |
| Others                               | 50.17               | 143.30          | 120.38          | 155.65          |
| <b>Total</b>                         | <b>1,226.86</b>     | <b>3,767.46</b> | <b>3,388.21</b> | <b>2,925.87</b> |

## Our Operational Network



**Flagship Centre** = Lab Sample Collection + Basic Radiology + Complete Advanced Radiology (MRI, CT Scan, SPECT & PET CT)  
**Hub** = Lab Samples Collection + Basic Radiology + Advanced Radiology (MRI/CT Scan/SPECT)  
**Diagnostic Centre/ Spokes** = Lab Samples Collection + Basic Radiology  
**Basic Radiology** = ECG/X-ray/USG/Mammography/BMD/TMT/2D Echo/EEG/ENMG/Edoscopy, etc.

We offer comprehensive and high quality diagnostic services in India through our own operational network, comprising of a flagship centre, hub centres and diagnostic centres as well as reference laboratories (including a national reference laboratory). We have implemented a 'hub and spoke' model, whereby specimens are collected from across multiple locations within a catchment area or region for shipment to our reference laboratories for diagnostic testing. Typically, customers come to our diagnostic centres when they need to undergo certain pathology and/or radiology tests for preventive and/or curative purposes either on their own or for servicing prescribed tests requests from a physician, other qualified healthcare professional or a hospital, clinic or nursing home. Based on the particular request, our staff at diagnostic centres collect the specimens required for pathology tests and/or conduct radiology tests. Specimens collected at our diagnostic centres are delivered through our logistics network to a reference laboratory predesignated to process the type of test requested from the specific diagnostic centre that collected the sample. If the test requested is of a certain nature or complexity, the sample is directed to our national reference laboratory for processing. To the extent that tests required by our customers can be processed in the nearest laboratory, our specialized laboratory staff will process the tests and submit the results in the LIMS, allowing for a shorter overall turnaround time. In case the customer visiting a diagnostic centre requires an advanced radiology test, the customer is transferred to /recommended to visit the hub centres or the flagship centre.

Our centralized testing and procurement has yielded economies of scale and has allowed us to reduce procurement cost and implement information technology systems, thereby improving the overall efficiency of our diagnostic services. We aim to continue to achieve economies of scale in both procurement and service provision as we expand our network to serve our customers' needs.

The chart below sets forth details of our operational network as of specified dates:

### Diagnostic Centres

| Operational Facilities    | As of June 30, 2021 | As of March 31, |           |           |
|---------------------------|---------------------|-----------------|-----------|-----------|
|                           |                     | 2021            | 2020      | 2019      |
| Flagship Centre           | 1                   | 1               | 1         | 1         |
| Hub Centres               | 20                  | 19              | 16        | 15        |
| Diagnostic Centres/Spokes | 60                  | 60              | 56        | 45        |
| <b>Total</b>              | <b>81</b>           | <b>80</b>       | <b>73</b> | <b>61</b> |

### Laboratory (co-located with our diagnostic centres)

| Operational Facilities        | As of June 30, 2021 | As of March 31, |           |           |
|-------------------------------|---------------------|-----------------|-----------|-----------|
|                               |                     | 2021            | 2020      | 2019      |
| National Reference Laboratory | 1                   | 1               | 1         | 1         |
| Reference Laboratories        | 10                  | 10              | 10        | 10        |
| <b>Total</b>                  | <b>11</b>           | <b>11</b>       | <b>11</b> | <b>11</b> |

### Diagnostic Centre Network

Our diagnostic centres are for the purpose of walk-in customers as well as our institutional customers to provide their specimens for pathology tests and/or to receive radiology tests, depending on the nature of the test sought. As of June 30, 2021, we had a total of 81 centres of which, we had one flagship centre, 20 hub centres, and 60 diagnostic centres. Our diagnostic centres are designed in accordance with certain specifications, which include requirements in relation to design of work area, physical infrastructure and placement of technical equipment, with an aim to provide our customers with uniformity of experience for every visit.

#### Flagship Centre

Our flagship centre was established in 2005, and is currently located in an approximately 95,000 square feet built-up facility in Himayatnagar, Hyderabad. It acts as the main 'hub' for the rest of our hub centres and diagnostic centres, and is equipped to conduct all of pathology specimens collection/tests and basic and advanced radiology tests offered by us. It houses the most advanced radiology equipment within our network for X-rays, ultrasounds and color doppler, digital mammography, bone density scans, PET-CT scans, MRI, multi slice CT scans.

Customers either visit our flagship centre directly or are sent by our hub centres or diagnostic centres. It also serves as a collection point for specimens coming in from our institutional customers.

#### Hub Centres

Our hub centres are located in Hyderabad, Vishakhapatnam, Nellore, Kurnool, Hanamkonda, Karimnagar and Kolkata. They are equipped to conduct all pathology specimens collection and basic radiology tests and certain advanced radiology tests such as MRI scan, multi slice CT scan and SPECT offered by us, depending on the requirements of each catchment area.

Customers either visit the hub centre directly or are sent by our diagnostic centres. Our hub centres also serve a collection point for specimens coming from our institutional clients.

#### Diagnostic Centres/Spokes

Our diagnostic centres are located in Hyderabad, Vishakhapatnam, Nandyal, Kurnool, Hanamkonda, Warangal, Karimnagar, Nizamabad, Sangareddy and Gurgaon. They are equipped to conduct a majority of pathology specimens collection and certain basic radiology tests offered by us. Customers who visit our diagnostic centres, but requiring advanced radiology tests such as MRI scan, multi slice CT scan, SPECT or PET-CT are transferred to our flagship centre or hub centres, for their specific needs.

#### Home Collection Service

Home collection service is a key part of our customer-centric approach, as we strive to provide convenient and quality services to our consumers. Our home collection service allows specimens to be collected from our consumers' locations, such as their



homes or offices. The collected specimens are then transported in a specially designed transportation box to the designated diagnostic centre. Specimens are then delivered to our reference laboratories, depending on the nature and complexity of the tests required.

### ***Laboratory Network***

As of June 30, 2021, our laboratory network consists of one national reference laboratory and 10 reference laboratories, which are co-located with our flagship centre or our hub centres or our diagnostic centres for ease of operation. All of our laboratories are accredited by NABL. Sample transits between diagnostic centres and laboratories within the same city/town are serviced by a mix of our in-house and out-sourced third-party logistics team while intercity sample transits are serviced by third-party logistics couriers. The mixed use of in-house and third-party logistics and couriers helps us to achieve high degree of efficiency and operational flexibility.

### ***National Reference Laboratory***

Our national reference laboratory is co-located with our flagship centre in Himayatnagar, Hyderabad. It receives routine and specialized testing requests and related specimens for testing from our hub centres, diagnostic centres and reference laboratories. Our national reference laboratory is ISO certified and holds accreditation from NABL.

Our national reference laboratory has several analytical departments including (i) clinical biochemistry; (ii) haematology and clinical pathology; (iii) histopathology, cytopathology and immune histochemistry (iv) microbiology and serology; (v) molecular pathology; and (vi) cytogenetics.

### ***Reference Laboratory***

Our reference laboratories are co-located with our hub centres and our diagnostic centres in Hyderabad, Kurnool, Nellore, Nandyal, Visakhapatnam, Hanamkonda, Karimnagar, Gurgaon and Kolkata. They receive routine and specialized testing requests and related specimens for testing from our hub centres and diagnostic centres.

Our reference laboratories carry out routine and certain specialised tests in the areas of clinical biochemistry, basic serology, cytopathology, clinical pathology and haematology. Some of reference laboratories also provide anatomic pathology and basic microbiology testing services. All of our reference laboratories are NABL accredited.

### ***Process of establishing new diagnostic centres***

We have an experienced projects team which identifies new locations for setting up our diagnostic centres. We typically open new diagnostic centres on premises which are taken on long term lease. For most of our new diagnostic centres, we typically lease the ground floor or the first floor of a multistoried building for the convenience of our customers. Once the team identifies a location, we evaluate the requirement of building approvals such as occupancy certificate and fire no objection certificates. Our team obtains such approvals from the owner to the extent available and follow up for obtaining the balance approvals which cover the entire building even though we occupy only a portion of the building. Our projects team carries out the building improvements required for our diagnostic centres, depending on the services that we propose to provide from the location. The projects team ensures that the layout of the diagnostic centre is done in such a manner so as to ensure adherence to the relevant building codes, local laws and regulations and applicable fire safety laws. The projects team also ensures installation of various firefighting equipment such as fire extinguishers, hose reel system, automatic sprinkler systems and fire alarms depending on the area in which our diagnostic centre is proposed to be set up and the structure of the premises in which our diagnostic centre is located. We have carried out a fire safety audit by a fire audit consultant for our diagnostic centres.

### ***Our Diagnostic Services***

We provide one-stop solution of pathology radiology testing services through our operational network. As of June 30, 2021, we offer a comprehensive range of approximately 740 routine and 870 specialized pathology tests and approximately 220 basic and 320 advanced radiology tests that cover a range of specialties and disciplines.

### ***Routine Testing***

Routine tests generally are performed on whole blood, serum, plasma and other body fluids and specimens such as microbiology samples. Our routine tests include basic biochemistry, basic haematology, clinical pathology and surgical/anatomic pathology, microbiology and cytology tests. All tests are done on high throughput automated equipment and/or instruments with integrated

software systems. These tests measure various important health parameters such as the functions of the kidney, heart, liver, thyroid gland and other organs and cancer diagnosis. They also provide information to physicians in advising treatments/management for the underlying disease conditions and clinicians in advising life style changes as and where required, for their patients.

### ***Specialized Testing***

Specialized tests include (i) advanced biochemistry tests such as protein chemistry involving liquid chromatography mass spectrometry, immunoassays, capillary electrophoresis, nephelometry, thin layer chromatography and freezing point depression for osmolality test; (ii) haematology tests such as immunological parameters with immunofluorescence, immunoblot methods and fluoro-enzymatic immunoassays, flowcytometry and HPLC; (iii) advanced microbiology tests such as automated blood culture systems (Bactec) for blood cultures and mycobacterium tuberculosis (MGIT), Vitek2 identification for sensitivity and species identification by MALDI-TOF-MS; (iv) histopathology tests such as immunohistochemistry tests and fine needle aspiration cytology both direct and image guided; and (v) molecular pathology tests such as cytogenetics including molecular cytogenetics with fluorescent in-situ hybridisation (FISH) and other molecular diagnostics techniques such as dd-PCR and RT-PCR. Given their complexity, these tests require highly skilled, well trained personnel and high precision equipment and/or instruments of sophisticated technology, specialized collection and transport methods, which are properly incorporated into our operations.

### ***Basic Radiology Tests***

Basic radiology tests include ECG, X-rays, ultrasounds, mammography and bone mineral density scan. X-rays are used to detect bone disease, degeneration, fractures, dislocations, infections and tumours by examining parts of body such as bones, chest and abdomen. We offer 105 types of basic X-rays, including abdominal, barium, bone, chest, extremity and neck, among others. Ultrasounds are used from confirming and dating a pregnancy to diagnosing a wide variety of conditions affecting the organs and soft tissues of the body, including the heart and blood vessels, liver, gallbladder, spleen, pancreas, kidneys, bladder, uterus, ovaries, eyes, thyroid, and testicles. We offer a variety special types of ultrasounds such as Echo that creates images of blood flow through vessels or blood pressure to determine the speed of the blood flow and any obstructions. We also offer (i) conventional and 3D mammography, breast USG, breast MRI and biopsies to detect breast cancer and other abnormalities in the breast; and (ii) bone density scan also called DEXA, to measure the bone density of spine, pelvis, lower arm and thigh and detect osteoporosis.

### ***Advanced Radiology Tests***

Advanced radiology tests include CT scans and MRI scans and highly specialized nuclear medicine tests such as SPECT (gamma scans) and PET-CT scans, which require advanced machinery to conduct such tests. We offer (i) CT scans to provide more detailed image of the organs, bones, soft tissue and blood vessels and detect medical conditions such as communicable diseases, trauma, musculoskeletal disorders, appendicitis, heart disease, and cancer; (ii) MRI scans to examine various parts of body which include brain, spinal cord, bones and joints, breasts, heart and blood vessels and other internal organs such as prostate gland, uterus and liver and diagnose various medical conditions; (iii) our highly specialized SPECT equipment are used for therapy of various diseases and gamma scans provide crucial functional information of diseases relating to different organs such as thyroid, kidney, bones and heart; and (iv) PET-CT scans are used to evaluate neurological disorders, cardiac viability, diagnose cancer, detect the spread of cancer to other parts of the body or measure the effectiveness of cancer treatment.

### ***Preventive and Wellness Services***

Given our ability to provide integrated diagnostics services across our centres, we are able to provide a comprehensive preventive and wellness services offering for our customers. Our experience in pathological testing and radiological testing has allowed us to selectively combine diagnostic tests into various service packages to assist customers seeking to monitor their health and to prevent and/or treat diseases and other health conditions. These packages are a combination of a variety of early detection and diagnostic tests to screen selected diseases and disorders with primary focus on life style diseases. Based on age, sex, clinical history, parental history and affordability, we offer options of several packages. With a view to provide emphasis on women's health, we have also put together special wellness packages for women. Being geared to create awareness among the general population, we also conduct trainings/seminars focused on common health ailments for corporate entities or large residential communities.

### ***Our Customers***

Our diagnostic centres cater to individual customers and institutional customers.

### ***Individual Consumer Business***

Our individual consumer business constitutes 93.06% and 92.09% of our revenue for operations for the three months ended

June 30, 2021 and the financial year 2021. Our individual consumer business consumers typically walk-in to our different diagnostics centres or use our home collection services.

We actively market to our individual consumers and believe that such consumers choose us based on our strengths, particularly, our strong brand, integrated services model, quality of our diagnostic services, centre infrastructure and customer experience, convenience of our operational network and home collection in our core geographies.

Our individual consumer business customers comprise of: (i) customers who visit our diagnostic centres and avail our services as per our price list; (ii) customers whose samples are collected at their residence and processed by us; (iii) customers who avail our services basis discretionary discounts provided by us as part of our various marketing and other initiatives; and (iv) customers who are employees of Government companies or are covered under Government initiatives or are beneficiaries of life / health insurance policies and choose to undergo tests at our diagnostic centres.

### ***Institutional Business***

We provide diagnostics services to our institutional customers, including their employees. These institutional customers include other smaller laboratories and hospitals, whose customers requires diagnostic services (pathology and/or radiology services), and the samples collected by them are sent to our laboratories for analysis. In addition, we also provide diagnostics services to several companies, for their employees, including for pre-employment checks. This category of customers typically pays on a negotiated fee-for-service basis.

## **Logistics and Procedures**

### ***Logistics and Specimen Tracking***

We have implemented a “hub and spoke” model, whereby specimens are collected across multiple centres/locations within a catchment area or region for a predesigned reference laboratory for centralized diagnostic testing. Specimens are collected at our diagnostic centres, other laboratories, hospitals, corporate sites and home collection. Once collected, a specimen is transported to a reference laboratory capable of processing the specific type of test sought, which could be a nearby reference laboratory or in the event a test sought is of certain specialized nature, to our national reference laboratory.

We believe that an efficient logistics network is critical to maintain quality of specimens collected by us. Our reference laboratories within each catchment area are connected through a logistics network comprising of our in-house logistics team and third-party logistics team, and supported by independent air-freight couriers for longer distance transport. The specimens collected are transported, under the requisite temperature controlled conditions, to our reference laboratories via airline and road networks. Our dedicated logistics team is responsible for monitoring, in real time, daily shipments from all locations, recording the status of the shipment from the time of collection of the specimen or sample, until it arrives and is accepted at our laboratories.

### ***Sample Receipt, Registration and Barcoding***

LIMS assigns a unique identification number and barcode to each specimen, which helps control and manage the entire process from registration to specimen collection until the release of the test report. The barcode generated is tagged on to the appropriate customer tube at the time of specimen collection.

Specimens are received in the accession department of our reference laboratories. Specimens delivered to our reference laboratories are required to be accompanied by a sample data sheet or a test request form, which includes information such as test to be performed and the necessary demographic, medical and billing information. Each specimen and its test request form is rechecked for completeness.

Our staff follows specimen acceptance and rejection criteria laid down by our quality assurance department to ensure that poor quality or insufficient specimens are rejected. If the specimens meet our defined acceptance criteria, they are distributed to the relevant departments.

### ***Testing Procedures***

Most of our pathology tests are conducted through fully automated systems. The specimens are placed in the testing equipment and/or instrument, which are interfaced bi-directionally with LIMS. The testing equipment and/or instrument can take instructions from LIMS after it reads the sample barcode and automatically connects to LIMS for customer and test details. The process is fully automated, and once the equipment and/or instrument concludes the testing, the results are automatically uploaded into LIMS under the relevant barcode. Authorized signatories of the department closely monitor the results and, wherever needed, orders re-check. Validated results, if relevant, are then transferred into LIMS for a medical review by lab doctors including pathologists, microbiologists, biochemists, histopathologists and geneticists review and authenticate the results in reports.

As part of our standard operating procedure, we select certain test results for re-testing as part of our quality assurance practices. To facilitate additional tests and re-checks, we store specimen for a specified length of time in accordance with our internal policy. Pursuant to our bio-medical waste management agreements with authorized third parties, specimens are disposed of through a waste management system that complies with applicable environment and health and safety laws.

### ***Reports***

We prepare detailed reports which include the precise values of the parameters requested with the biological reference ranges and the methodology followed. Once the results are ready, the customer gets a trigger through a SMS to download the report through email, our web portal/website or collect the reports from the centre. Our lab doctors are available to physicians to discuss and clinically correlate the test reports.

### **Sales and Marketing**

We have invested and expect to continually invest in sales and marketing activities. We have a dedicated team to coordinate our sales and marketing activities and promote our brand.

#### ***Sales***

The sales team focuses on developing relationships with physicians, and is also responsible for educating healthcare professionals on the value of our service offerings and new technologies and tests provided at our diagnostic centres. We also have a dedicated sales team, which engages with key opinion leaders and diagnostic experts, whose primary focus is to identify the needs and upcoming trends in the fields of advance radiology, oncology, nephrology, nuclear medicine and gastroenterology. The sales team also engage with professional medical bodies, to organise continuing medical education (“CME”) programs and other medical education initiatives.

#### ***Marketing***

We seek to utilize cost-efficient marketing to enhance our brand awareness and increase our customer base. Our main marketing activities are in the areas of retail marketing, digital marketing and direct marketing. Our retail marketing efforts aim to increase our walk-in and home collection customers mainly by creating awareness of our health check-ups and wellness initiatives as well as highlighting the convenience of our home collection services. Our digital marketing is help to increase brand awareness and new customer acquisition though online platforms. We also continue to target institutional customers and develop our business through our educational social media and online initiatives. Direct marketing is touching people at their home and offices by doing health and wellness camps to create awareness preventive care and stay healthy. At camps and at other marketing initiatives, we offer discount vouchers and coupons to potential individual consumers for tests at our diagnostic centres.

### **Quality Assurance**

Our quality assurance team consists of members with experience in implementation of various accreditation and certification standards such as NABH, NABL and ISO accreditation and certification standards. We participate in the elective and compulsory external inspections and proficiency testing programs required by the Government of India and other applicable regulatory agencies. We have systems in place to emphasize and monitor quality systems and maintain reporting standards within our operational network.

#### ***Laboratory Quality Assurance***

Our quality assurance system enables a process-oriented approach to ensure quality testing through use of standard operating procedures, management of documents and records, implementation of quality control, external quality assessment (including proficiency testing) and robust internal audits. Our quality assurance system covers the entire value chain of our laboratory operations. Besides core laboratory operations and front-end services, our quality assurance system extends to physical infrastructure, procedures for purchase and inventory management, equipment and instrument maintenance, customer services, human resource management and process improvement.

Our set-up of diagnostic centres and reference laboratories are based on the guidelines of the NABL. We have adopted standard operating procedures for our diagnostic centres designed to improve processes for customers preparation and collection, handling, storage and transportation of specimens, as well as to ensure accurate and timely delivery of test results. We also have systems and procedures in place to monitor quality through inter-laboratory comparisons, to maintain reporting standards within our network. We also focus on training and competency of professional and technical staff, and continue to implement initiatives to enhance our quality and standardization. We use customer complaints and feedbacks to review our processes, as and when indicated, to further improve services to our customers. We also conduct regular quality assessments to ensure quality standard of diagnostic centres. Further, we also provide support to our customers, physicians and institutional customers,

through our call centres, which are operated by professionally trained advisors.

We have an intensive program of quality assurance in place so as to be able to meet the international standards in clinical laboratory testing. The laboratory participates in extensive proficiency testing programs such as Bio-Rad (USA), RIQAS (UK), EUROIMMUN (UK), CMC Vellore, Shankar Netralaya, Anand Labs (Neuberg), CDC Atlanta, RML, TMH, PGIMER, NARI, AIIMS and ISHTM Hematology.

All of our reference laboratories are accredited by NABL. Our flagship centre/national reference laboratories holds accreditation from NABL and certification from ISO 9001:2015 (for quality management system in medical laboratories).

### ***Radiology Quality Assurance***

Our radiology quality assurance system is designated to provide confidence in radiation safety, maintain the optimal diagnostic image quality and ensure the consistent provision of prompt and accurate diagnosis. Our radiology quality assurance system essentially consists of an organized set of activities and processes that ensure equipment are functioning properly and providing satisfactory diagnostic information in a timely manner with minimum radiation exposure to customers and staff, and administrative procedures to ensure uniform application of recommended techniques throughout the network centres.

We have established an in-house radiation quality assurance committee which includes a team of experts responsible for overseeing our radiology quality assurance program, formulating the standards for image quality and conducting regular review the effectiveness of the program. We have a set of defined standard operating procedures which are department and role specific including guidelines for equipment appraisal and replacement, guidelines for the standardization of patient exposure and guidelines for quality acceptance of diagnostic radiograms. Our adherence to defined processes is monitored by quality assurance team through robust internal audits as well staff and facility preparedness to handle an emergency which may arise during day to day operations is evaluated through regular mock drills.

Although only few of our diagnostic centres are accredited under NABH MIS program, we endeavour to adhere to the recommended standards set by NABH for our diagnostic centres that provide radiology testing services. As a part of quality assurance effort, our quality assurance team conducts quality assessment through peer review regularly.

Quality assurance also encompasses other facets of our services including turnaround time and customer satisfaction. Using quality assessment techniques, our diagnostic services employ a variety of programs to monitor critical aspects of service to our customers.

### ***Information Technology***

Our information technology systems are the backbone of our operations. Our core infrastructure consisting of physical and virtual servers are configured for high availability and are scalable to support our growing needs. All our branches are provisioned with dual internet connections to ensure very high uptime and are securely connected to data centre through VPN. Our network and servers are proactively monitored to ensure efficient and uninterrupted service delivery. We have a mix of servers hosted on premise and tier IV data centre.

The main components of our technology architecture include the following:

#### ***Laboratory Information Management System***

LIMS application manages the complete customer lifecycle from registration to report delivery. Application supports end-to-end barcoding of samples to ensure accurate reporting. Laboratory analysers are integrated with bi-directional interface for seamless and accurate transfer of results to the reporting system. Application is enabled with two-level authentications to ensure high level of accuracy and reliability. Delta checks and auto verification are an integral part of the application. Application also supports omni channel (at diagnostic centres, SMS, email and portal) delivery of reports.

#### ***Radiology Information System***

RIS/PACS application manages the workflow of radiology testing services. The RIS/PACS application is tightly integrated with registration and despatch systems. The centralized PACS is enabled with latest DICOM viewer with high end functionalities such as MIP, MPR and 3D. Modality work list interface ensures bi-directional integration between RIS and imaging modalities.

## ***Backend Applications***

SAP is deployed to support our back-end functions including finance, banking, procurement and inventory management. SAP is integrated with LIMS for seamless flow of revenue data.

## ***Privacy and Security of User Data***

Data security and privacy of customer data is an integral and important part of our information management. Customer demographic and clinical details captured as part of the registration and testing process are stored in highly secure servers within our on-premise data centre. Access to customer data and reports is enabled only via secure web portals, which are protected with OTP and password. Only authorised staff are allowed to access to such data and reports.

## ***Tailored Customer Program and Interface***

Customer centricity is one of the key drivers to our technology platform which offers customer an easy and convenient way of accessing their reports. Customers can access their reports through SMS, email and secured web portal. Institutional customers can track the sample status through a client portal.

## ***Data Collection and Analytics***

As part of the registration and testing process, considerable amount of demographic data and test results are captured and stored in our secured servers. Periodic analysis of this data gives us insights into the prescription patterns and seasonal trends which helps us to improve our operational efficiency. Analytics also helps us to finetune our wellness and preventive health check offerings.

## ***Data Recovery***

Data protection, data loss prevention and business continuity are ensured through streamlined backup, high availability and DR strategies. Servers are configured for high availability at the hardware, application and database levels. Backups are taken at regular intervals and stored at multiple locations enabling point in time data recovery.

## **Suppliers**

Our key suppliers include a diverse range of leading multi-national equipment, instrument, reagent and film manufacturers, including some vendors who sell more than one range of products. We purchased basic and advanced radiology equipment and instruments from Siemens Healthcare Private Limited, Philips India Limited, Wipro GE Healthcare Private Limited and Hologic Incorporated; reagents from Siemens Healthcare Private Limited, Beckman Coulter India Private Limited and Biomerieux India Private Limited; laboratory equipment from Beckman Coulter India Private Limited, films from Fujifilm India Private Limited, and specialized infectious, serology and immunology equipment from Biomerieux India Private Limited. We own the radiology equipment and instruments and some of the pathology equipment and instruments. We typically rent most of the laboratory equipment and instruments from various vendors under reagent rental arrangements. Further, our reagent rental agreements typically require us to meet minimum purchase levels on an annual basis.

## **Equipment and Instruments Maintenance**

The timely and effective maintenance of our equipment and instrument is essential for our operations. Most of the laboratory analysers are under reagent / rental basis. These analysers are maintained by the vendors in accordance with the terms of our agreed service level agreements. All the purchased equipment and instruments has a 12 to 60 months supplier warranty which takes care of defects, malfunctions and required repairs if any. We calibrate equipment and instruments regularly in accordance with the manufacturers' recommendations and schedule.

We maintain equipment and instruments either under annual maintenance contracts ("AMC") or comprehensive maintenance contracts ("CMC") for major equipment's with the respective manufacturers or their authorized dealers after completion of the standard warranty. Pursuant to the terms of annual maintenance contracts, the manufacturer or dealer is responsible for the maintenance and repair of the equipment and instruments. CMC for an equipment in addition, obliges the manufacturer or dealer to replace spare parts at its own cost.

## **Development and Growth**

Our management team seeks to expand on our existing test menu and improve our diagnostic procedures, in order to improve sensitivity, specificity, time or costs as compared to available conventional tools. We also intend to continue to invest in advanced testing capabilities, in order to provide the latest technologies in diagnostic testing. Throughout the four decades of


development of our company, our test menu has expanded to 2,150 tests. We expect to continue to add, new testing technologies and capabilities through a combination of internal development initiatives and technology licensing. Our management meets periodically to evaluate the potential adoption of new technologies or the indigenization of existing ones, with the aim of maintaining our high-quality standards at low cost.

## Competition

Our business is highly competitive and we face competition from organized as well as unorganized providers. In addition, we compete with many smaller, independent clinical and anatomical laboratories as well as laboratories owned by hospitals and physicians. For further information regarding the highly competitive nature of our industry, see “*Industry Overview*” on page 79.

We believe the strength of our brand, integrated services model, quality of our diagnostic services, centre infrastructure and customer experience, convenience of our operational network and home collection in our core geographies are important differentiating factors in customers choosing us as their preferred diagnostic service provider, which helps us in retaining our customers, and sets us apart from our competitors.

## Intellectual Property

We have filed an application for the registration of our corporate logo , under class 44 of the Trade Mark Act, 1999 and received partial approval to the extent of words “Vijaya Diagnostic Centre”. Additionally, we are the proprietor of certain word marks including Vijaya Diagnostic Centre and certain logo marks under classes 41, 42 and 44 with the Registrar of Trademarks in India under the Trade Mark Act, 1999. For further details, see “*Government and Other Approvals – Intellectual Property*” on page 251.

## Environmental, Health and Safety matters

We are subject to Indian laws and regulations relating to the protection of the environment, human health and safety, and laws and regulations relating to the handling, transportation and disposal of medical specimens, infectious and hazardous waste and radioactive materials/wastes. All our laboratories are subject to applicable laws and regulations relating to biohazard disposal of all laboratory specimens. For further details, see “*Key Regulations and Policies*” on page 126.

We also strive to provide employees with a safe working environment. Our employees are trained and encouraged to use protective equipment and instruments while handling biological specimen and adhere to national and local safety guidelines, including that of biomedical waste disposal. We monitor radiation levels of all the personnel working in radiation generating area. We imbibe knowledge of radiation safety practices to all our staff working in radiation zone through our regular academic programs taught by qualified radiation safety officer.

Safety devices are provided and the functions of which are regularly checked. These devices include biosafety and laminar flow cabinets, emergency showers, fire extinguishers, eye wash facilities, fire alarms, smoke detectors and fire hose reels. Fire evacuation plans and emergency exits are displayed at provisional areas.

## Corporate Social Responsibility

We have reconstituted a corporate social responsibility (“CSR”) committee in 2021 and adopted a CSR policy in line with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 notified by Central Government and as modified from time to time. The objective of our CSR policy is to undertake activities that have a positive impact on education and healthcare.

For the three months ended June 30, 2021 and the fiscal years 2021, 2020 and 2019, our corporate social responsibility expenditure was ₹ 4.39 million, ₹ 19.77 million, ₹ 14.47 million and ₹ 9.00 million, respectively, which were primarily contributed towards skill development, literacy, quality education and the Prime Minister Relief Fund.

## Employees

As of June 30, 2021, we have 2,325 full-time employees and regular consultants on retainer basis, including 74 laboratory doctors, 19 physicians, 105 radiologists and 1,027 technical staff and phlebotomists. Our laboratories are managed by qualified scientific staff and supervised by a team of pathologists with specializations in relevant fields of laboratory medicine. Our radiologists include professional who are leaders in their specialities, with numerous scientific and textbook publications, serve on committees of various Radiology societies and regularly present at national and international conferences.

The following table sets forth the number of our employees and consultants as of June 30, 2021:

| Particulars                                     | Number       |
|---|--------------|
| Key Management Personnel                        | 3            |
| Radiologists, laboratory doctors and physicians | 198          |
| Technical Staff                                 | 1,027        |
| Sales and marketing                             | 111          |
| Support Staff                                   | 986          |
| <b>Total</b>                                    | <b>2,325</b> |

We offer training to our staff on an ongoing basis and such training goes beyond the development of the required skills. This encompasses training on knowledge, skills and attitude. This approach ensures the deployment of competent staff to deliver quality service to our customers that earns the trust of not just our customers but the entire ecosystem of healthcare providers at large.

The training of employees is based on a three phase training program. At the initial level, we provide training on knowledge and skills for new joiners, while the experienced staff are trained on the protocols followed within our operational sites to ensure standards of our Company are maintained. The second level was designed for continuous education that is done departmental wise to ensure there is a retention and recall of the learning while refreshing the employees with the latest updated practices. We also involve manufacturers of the radiology and laboratory equipment and instruments during the training to ensure the comprehensiveness of the training. The third level involves the cross departmental training and upskilling of the existing staff to prepare them for greater responsibilities.

Managerial and leadership trainings are also conducted to boost the development of the managerial competencies while building a leadership pipeline for our Company.

### Insurance

Our diagnostic centres, laboratories and office locations including our corporate office are insured against fire and certain special perils, including earthquake and terrorism damage. We also have several other insurance policies covering equipment and instruments, money-transit, fidelity guarantee and statutory employee liability insurance, business interruption at our facilities resulting from various perils, all risks relating to information systems equipment, burglary causing loss of inventory. We have also obtained management liability insurance. Additionally, our Company is also insured against professional indemnity liability including liability arising out of breach of confidentiality, third party public liability and loss of goodwill.

We believe that our insurance coverage is of the type and in the amounts commensurate with the nature and scope of our operations.

### Property

Our Company's registered office and corporate office are located in 3-6-16 & 17, Street No 19, Himayatnagar, Hyderabad, Telangana - 500029 and 6-3-883/F, Ground Floor of Family Planning Association of India Panjagutta, Hyderabad-500 082, India, respectively. Our flagship centre is located at leased premises at 3-6-16 & 17, Street No 19, Himayatnagar, Hyderabad, Telangana - 500029. As of June 30, 2021, two of our diagnostic centres, laboratories and business premises are owned by our Company and the remaining 79 diagnostic centres are on lease. On August 11, 2021, we purchased a parcel of land measuring 1,654 square yards in Himayatnagar, Hyderabad for a consideration of ₹ 350.00 million with the intention of developing a diagnostic centre at this location.



## KEY REGULATIONS AND POLICIES

*The following description is a summary of certain sector specific laws currently in force in India, which are applicable to our Company. The information detailed in this section has been obtained from publications available in the public domain. The regulations set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretation thereof, which are subject to change or modifications by subsequent legislative, regulatory, administrative or judicial decisions.*

*For details of regulatory approvals obtained by us in compliance with the applicable regulations, see “Government and Other Approvals” on page 250.*

### ***The Clinical Establishments (Registration and Regulation) Act, 2010 (“CERRA”)***

The CERRA is a central legislation that governs clinical establishments and provides for registration under it. It prescribes the minimum standards for facilities and services provided by clinical establishments. In terms of the CERRA, ‘clinical establishment’ specifically covers a hospital, maternity home, nursing home, dispensary, clinic, sanatorium or an institution by whatever name called that offers services, facilities requiring diagnosis, treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicine established and administered or maintained by any person or body of persons, whether incorporated or not, including a place established in connection with the diagnosis or treatment of diseases where pathological, bacteriological, genetic, radiological, chemical, biological investigations or other diagnostic or investigative services with the aid of laboratory or other medical equipment, are usually carried on.

The penalty provision under CERRA also covers anyone who contravenes any provision of CERRA for which no penalty is provided specifically, to be punished for the first offence with fine which may extend to ten thousand rupees, for any second offence with fine which may extend to fifty thousand rupees and for any subsequent offence with fine which may extend to five lakh rupees.

In addition, most of the states in India where we operate have legislated clinical establishment laws. These legislations *inter alia* include (i) Andhra Pradesh Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002; (ii) Telangana Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002;; (iii) Haryana Clinical Establishments (Registration and Regulation) Act, 2014 and (vi) West Bengal Clinical Establishments (Registrations, Regulation and Transparency) Act, 2017.

### ***The Clinical Establishments (Central Government) Rules, 2012 (“CECG Rules”)***

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 and display the same 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.

Certain States in India have framed rules under the CERC Act or under respective state legislation for clinical establishment, prescribing *inter alia* the powers of registration authority, procedure for registration of clinical establishments and applicable fee.

### ***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”)***

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 foeticide. The PCNDT Act and PNDT Act also make it mandatory for all genetic counselling centres, genetic clinics, 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 and PNDT Act. Further, the PCNDT Act and PNDT Act prohibit advertisements relating to pre-conception and pre-natal determination of sex and the same is made punishable with a fine and imprisonment.

### ***Atomic Energy Act, 1962 as amended (“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 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. Violation of various provisions of the AE Act is punishable 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. Our Company is required to obtain licenses from the AERB for the use of radioactive substances and disposal of radioactive waste.

#### ***Atomic Energy (Radiation Protection) Rules, 2004 (“Radiation Rules”)***

The Radiation Rules require that no person shall, without a license issued by the Atomic Energy Regulatory Board (“AERB”), establish a radiation installation for siting, design, construction, commissioning or operation. Such license is valid for a period of five years. 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 Radiation Rules lay down various compliance measures regarding *inter alia* maintenance of radiation protection equipment and health surveillance of workers. The Radiation Rules also prescribe certain general safety guidelines, directives for emergency preparedness and accidents.

#### ***Atomic Energy (Safe Disposal of Radioactive Wastes) Rules, 1987 (“Radioactive Waste Rules”)***

Under the Radioactive Waste Rules, an authorisation is necessary for any person to dispose of radioactive waste, and the waste may only be disposed of in the terms of such authorisation. A Radiological Safety Officer is required to be appointed to assist in the safe handling and disposal of radioactive waste. Further, records are required to be maintained of all disposals and handling of radioactive waste and the persons carrying it out.

#### ***Radiation Surveillance Procedures for Medical Application of Radiation, 1989 (“Surveillance Procedures”)***

The Surveillance Procedures provide for safety requirements and procedures to be complied with in connection with operating a radiation generating equipment. The Surveillance Procedures require that a radiology safety officer, whose appointment is approved by the AERB, be appointed with respect to the operation of radiation generating equipment.

#### ***Safety Code for Medical Diagnostic X-Ray Equipment and Installations, 2001 (the “X-Ray Safety Code”)***

The AERB issued the X-Ray Safety Code intended to govern 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 statutory 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. Additionally, under the X-Ray Safety Code, the owners of medical X-ray installations in India are required to be registered with AERB and conduct quality assurance performance test of the X-ray unit.

#### ***Atomic Energy Regulatory Board- Safety Code on Safe Transport of Radioactive Material AERB/NRF- TS/SC- 1, 2015 (“Transport Code”)***

The Transport Code which is based on the International Atomic Energy Agency regulations, regulates the transport of radioactive material in public domain. The basic requirement for the transport of radioactive material is that the package containing the material shall be designed and prepared in such a way that during the whole process of transport, the radioactive material remains contained to prevent contamination and remains shielded to avoid radiation exposure to cargo handlers and the public. The prime responsibility for ensuring compliance with the regulations lies with the consignor. Once the package is prepared as per the prescribed procedures, it can be transported by any mode.

#### ***Atomic Energy Regulatory Board - Safety code on Nuclear Medicine Facilities dated November 4, 2010 (“Nuclear Medicine Code”)***

The Nuclear Medicine Code stipulates radiation safety requirements in handling radioactive materials for nuclear medicine applications in order to protect workers and members of the public from radiation exposure in excess of limits specified by the competent authority, reduce such radiation exposures to levels as low as reasonably achievable, ensure safe handling and physical security of radioactive materials, protect and manage radioactive waste and detect hazardous situations and initiate prompt remedial measures to mitigate such situations. The Nuclear Medicine Code mandates that nuclear medicine facilities should not be located in residential buildings and should *inter alia* have active rooms, wards and areas of source storage and handling marked with radiation symbol and a legend denoting active area and presence of a radiation hazard. The Nuclear Medicine Code also stipulates the qualification and responsibilities of employers, nuclear medicine physicians and nuclear medicine technologists.

#### ***Radiation Surveillance Procedure for Medical Applications of Radiation, 1989 (“RSPM Notification”)***

The RSPM Notification was promulgated to ensure that procedures and installations involving radiation installations, radiation equipment and radioactive material are performed in conjunction with a pre-planned surveillance programme approved by the competent authority to ensure adequate protection. The RSPM Notification lays down that a license or an authorisation from the competent authority must be procured by anyone handling radioactive material or radiation equipment. The RSPM Notification stipulates the working conditions that are to be ensured at every medical radiation installation and provides safety guidelines regarding *inter alia* design safety of equipment, planning of radiation instalments, commissioning of radiation equipment and isolation and disposal of radioactive effluents or damaged radioactive material.

***The Environment Protection Act, 1986 (the “Environment Protection Act”) and The Environment (Protection) Rules, 1986 (the “Environment Protection Rules”)***

The Environment Protection Act was enacted to act as an “umbrella” legislation designed to provide a framework for coordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorises the Central Government to protect and improve environment quality, control, and reduce pollution.

The Environment Protection Rules framed under the Environment Protection Act lay down specific provisions regarding standards for emission or discharge of environmental pollutants, prohibition of carrying out industrial activities in certain geographical locations, procedures for function of environmental laboratories and submission of samples. The draft Environment (Protection) Amendment Rules, 2020 provide for regulations on use of membrane based water purification system which, if passed, shall be applicable to all filtration based purification or wastewater treatment system, where polymer based membrane is used and discarded at the end of its life.

***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. Our Company is required to obtain an authorisation 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 authorisation, if for reasons to be recorded in writing, the occupier/operator has failed to comply with any of the provisions of Environment Protection Act or BMW Rules.

***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, Government 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 Central Government Health Scheme. Diagnostic laboratories which are not accredited by NABL may also participate in application and get empanelled under the Central Government Health Scheme but their empanelment shall be provisional till they are inspected by Quality Council of India or NABL, and are recommended for continuation of empanelment under the Central Government Health Scheme; however there is no legal obligation to obtain certification from the NABL.

***Guidelines for Exchange of Human Biological Material for Biomedical Research Purposes, 1997 (“HBM Guidelines”)***

The HBM Guidelines, issued by the GoI, authorise the Indian Council of Medical Research (“ICMR”) to set up a committee for consideration of proposals relating to import of biological materials, such as blood samples, for commercial purposes. Pursuant to these guidelines, ICMR has issued the “Guidance on Transfer of Human Biological Material for Commercial Purposes” (“ICMR Guidance”). In accordance with the ICMR Guidance, applications for import of blood samples are required to be made to the ICMR for onward consideration by a committee. Applicant companies are required to comply with, amongst others, the Guidance on Regulations for the Transport of Infectious Substances (2013-2014) and Laboratory Biosafety Manual –2004, issued by the World Health Organization, United Nations, class (6.2) specifications for packing instructions, and the Environment Protection Act, 1986, along with the rules framed thereunder.

***Consumer Protection Act, 2019 (“COPRA, 2019”)***

COPRA, 2019 has replaced the earlier Consumer Protection Act, 1986, seeking to provide better protection to the interests of consumers, especially in the digital age and to establish competent authorities for timely and effective administration and settlement of consumer disputes. COPRA, 2019 provides for establishment of a Central Consumer Protection Authority to regulate, amongst other things, matters relating to violation of rights of consumers, unfair trade practices and false or misleading advertisements which are prejudicial to the interests of public and consumers. The key features of the COPRA, 2019 include wider definition of “consumer”, enhancement of pecuniary jurisdiction, flexibility in e-filing complaints, imposition of product liability, wider definition of unfair trade practices, and provision for alternative dispute resolution. COPRA, 2019 provides for penalties for, amongst others, manufacturing for sale or storing, selling or distributing or importing products containing adulterants and for publishing false or misleading advertisements. The Consumer Protection (E-Commerce) Rules, 2020, issued under the COPRA, 2019 apply to, amongst other things, goods and services bought or sold over digital or electronic networks, all models of e-commerce and all forms of unfair trade practice across e-commerce models. They specify the duties of sellers, e-commerce entities and inventory e-commerce entities and the liabilities of marketplace e-commerce entities.

## **Labour Laws**

In addition to the aforementioned material legislations which are applicable to our Company, some of the labour legislations that may be applicable to the operations of our Company include:

- a. Contract Labour (Regulation and Abolition) Act, 1970;
- b. Employees’ State Insurance Act, 1948;
- c. Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- d. Payment of Gratuity Act, 1972;
- e. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013;
- f. Payment of Wages Act, 1936;
- g. Minimum Wages Act 1948;
- h. Payment Of Bonus Act, 1965;
- i. Maternity Benefit Act, 1961, as amended; and
- j. Shops & Establishment Act, 1947, along with other state-wise shops and establishment regulations, and the rules made thereunder

The Code on Wages, 2019 (enacted by the Parliament of India and assented to by the President of India) will come into force on such date as may be notified in the official gazette by the Central Government and different date may be appointed for different provisions of the Code on Wages, 2019. Once effective, it will subsume the Equal Remuneration Act, 1976, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Payment of Wages Act, 1936.

The Code on Social Security, 2020 (enacted by the Parliament of India and assented to by the President of India) will come into force on such date as may be notified in the official gazette by the Central Government and different date may be appointed for different provisions of the Code on Social Security, 2020. Once effective, it will subsume, inter alia, the Employees’ Compensation Act, 1923, the Employees’ State Insurance Act, 1948, the Employees Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961 and the Payment of Gratuity Act, 1972.

## **Taxation Laws**

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:

- a. Income Tax Act 1961, the Income Tax Rules, 1962, as amended by the Finance Act in respective years;
- b. Central Goods and Service Tax Act, 2017, the Central Goods and Service Tax Rules, 2017 and various state-wise legislations made thereunder; and
- c. The Integrated Goods and Service Tax Act, 2017.

## **Other laws**

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder, Greater Hyderabad Municipal Corporation Act, 1955 and other applicable statutes imposed by the Centre or the State Government including by local municipal corporations and gram panchayats of the areas where our Company has operations and authorities for our day-to-day business and operations. Our Company is also amenable to various central and state tax laws.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was incorporated as Vijaya Diagnostic Centre Private Limited on June 5, 2002 with a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. Subsequently, our Company was converted from a private limited company to a public limited company, pursuant to a special resolution passed by our Shareholders at the EGM held on March 22, 2021 and the name of our Company was changed to Vijaya Diagnostic Centre Limited and accordingly, on March 26, 2021, a fresh certificate of incorporation consequent on change of name was granted by the RoC.

Our Company had historically, in various public documents such as annual reports and secretarial filings, named Dr. S. Surendranath Reddy, S. Geeta Reddy, Sunil Chandra Kondapally, Sura Suprita Reddy and B. Vishnu Priya as our promoters. Pursuant to a resolution of the Board in its meeting held on May 27, 2021, it was resolved that Dr. S. Surendranath Reddy will be the Promoter of our Company. For details of our Promoter, see “Our Promoter and Promoter Group” on page 154.

### Changes in the Registered Office

Except as disclosed below, there has been no change in registered office of our Company since the date of incorporation.

| Date of change of Registered Office | Details of change in the Registered Office   | Reasons for change in the Registered Office |
|-------------------------------------|--|---|
| February 2, 2007                    | 3-6-20, Tirumala Apartments, Himayatnagar, Hyderabad 500 029, Andhra Pradesh, India to 3-6-16 & 17, Street No.19 Himayatnagar, Hyderabad 500 029, Andhra Pradesh, India                                    | Administrative convenience                  |
| November 1, 2005                    | 9-1-7/83 and 84 Deepthi Apartments, besides St. Ann’s School, S.P. Road, Secunderabad 500 016 Andhra Pradesh, India to 3-6-20, Tirumala Apartments, Himayatnagar, Hyderabad 500 029, Andhra Pradesh, India | Administrative convenience                  |
| December 1, 2004                    | 3-6-20, Thiruwala Apartments, Himayatnagar, Hyderabad 500 029, Andhra Pradesh, India to Deepthi Apartments, Flat No. 9-1-7/83, 84 S.P. Road, Secunderabad 500 003 Andhra Pradesh, India                    | Administrative convenience                  |

### Main objects of our Company

The main objects contained in our MoA are as follows:

- To design, construct, own or otherwise acquire and to carry on the business of setting up, managing, administering and running of diagnostic centres, hospitals and or mobile medical units, medical service centres, clinics, nursing homes, intensive care units on ownership basis as well as on franchise arrangements.*
- To carry on business, manufacture, buy, sell, import, export and generally deal in all types of surgical, medical, pharmaceutical, scientific equipment and instruments, appliances, accessories and diagnostic reagent kits, diagnostic equipment, aids and accessories, health care aids, health care products and instruments, chemicals, pharmaceuticals, drugs and intermediates and bio-chemicals and software products for diagnostic and health care centers and to publish journals, books for diagnostic and health centers.*
- To setup facilities for carrying medical research and to educate and train radiologists, radiographers, CT technicians, lab technicians, lab assistants, medical students, nurses, mid-wives and other technical services as well as administrative staff.*
- To conduct all kinds of research and development work required for promotion and running of diagnostic centers, hospitals, dispensaries, maternity homes, health centers, clinics and to carry on the business of consultancy relating to them.*
- To carry on business of acting as advisers and consultants on all matters and problems relating to hospitals, health sanitarium, clinics, health resorts and to promote health care.*

The main objects as contained in our MoA enable our Company to carry on the business presently being carried out and proposed to be carried out by it.

### Amendments to the MoA

Set out below are the amendments to our MoA in the last 10 years:

| Date of Shareholders' resolution/<br>Effective date | Particulars  |
|---|--|
| March 8, 2016#                                      | Clause V of the MoA was amended to reflect the increase in authorised share capital from ₹25,000,000, divided into 2,500,000 Equity Shares of ₹10 each to ₹45,000,000, divided into 4,500,000 Equity Shares of ₹10 each to ₹80,500,000, divided into 8,050,000 Equity Shares of ₹10 each.  |
| November 19, 2016                                   | Clause V of the MoA was amended to reflect the reclassification of the authorised share capital from ₹80,500,000 divided into 8,050,000 Equity Shares of ₹10 each to ₹80,500,000 comprised of 6,600,000 Equity Shares of ₹10 each and 1,450,000 0.001% (Class A CCPS) of ₹10 each.   |
| March 2, 2017                                       | Clause V of the MoA was amended to reflect the increase and reclassification of the authorised share capital from ₹80,500,000 comprising of 6,600,000 Equity Shares of ₹10 each and 1,450,000 0.001% CCPS of ₹10 each to ₹120,500,000 comprising of 6,631,868 Equity Shares of ₹10 each, 1,425,000 0.001% CCPS (Series A CCPS) of ₹10 each, and 12,000 0.001% CCPS (Series B CCPS) of ₹3,327.61 each.  |
| April 10, 2019                                      | Clause V of the Memorandum of Association was amended to reflect the consolidation of authorised share capital of ₹120,500,000, comprised of 6,631,868 Equity Shares of ₹10 each, 14,25,000 0.001% (Class A CCPS) of ₹10 each and 12,000 0.001% (Class B CCPS) of ₹3,327.61 each to ₹ 120,500,000 divided into 12,050,000 Equity Shares of ₹10 each.   |
| March 22, 2021                                      | Clause V of the MoA was amended to reflect the following: <ol style="list-style-type: none"> <li>1. Sub-division of face value of equity shares from ₹10 each to ₹1 each.</li> <li>2. Clause V of the MoA was amended to reflect the revised authorized share capital of our Company to ₹120,500,000 divided into 120,500,000 equity shares of ₹1 each.</li> <li>3. Clause I of the MoA was amended to reflect the change in name of our Company from Vijaya Diagnostics Centre Private Limited to Vijaya Diagnostics Centre Limited due to the conversion of our Company from a private limited company to a public limited company.</li> </ol> |

# In terms of the scheme of amalgamation between Vijaya Diagnostic Private Limited, Bhadrakali Medical Center Private Limited, Vijaya Diagnostic Centre (Mancherial) Private Limited and our Company (the "**Scheme**"), the authorised share capital of Vijaya Diagnostic Private Limited, Bhadrakali Medical Center Private Limited, Vijaya Diagnostic Centre (Mancherial) Private Limited prior to the Scheme was merged with the authorised share capital of our Company on the effective date (March 8, 2016) of the Scheme.

### Major events and milestones of our Company

| Calendar Year | Event   |
|---------------|---|
| 2021          | First independent diagnostic centre in the State of Telangana to get Revolution ACT 50 slice CT from Wipro GE Healthcare Private Limited. |
| 2016          | Investment by Karakoram Limited and Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1.                                  |
| 2014          | Acquisition of majority shareholding in "Medinova Diagnostic Services Limited".   |
| 2008          | First independent diagnostic centre in South India to get PET CT from Wipro GE Healthcare Private Limited.                                |
| 2005          | Business was transferred from proprietorship to the company.  |

### Awards, accreditations and recognitions received by our Company

| Calendar Year | Awards  |
|---------------|---|
| 2021          | <ul style="list-style-type: none"> <li>• Our Company has received the 'Award of Excellence' as the leading Imaging Centre (Multiple City) at the Radiology and Imaging Excellence Awards, 2021</li> <li>• Our Company was awarded the Award of Excellence for leading from the front during the pandemic under the Leading Diagnostic Chain of the Year by Elets Technomedia Private Limited;</li> <li>• Our centre at Kurnool received scope of accreditation from National Accreditation Board for Hospitals and Healthcare Providers ("NABH"); and</li> <li>• Our centre at Karimnagar received the ISO 15189:2012 "Medical Laboratories – Requirements for quality and competence" for its facilities in the field of medical testing by National Accreditation Board for Testing and Calibration Laboratories ("NABL")</li> <li>• Our Company received the certificate of recognition from the Economic Times as one of the Best Healthcare Brands - 2021</li> </ul> |
| 2020          | <ul style="list-style-type: none"> <li>• Our Company was awarded the Most Trusted and Best Quality Diagnostic Services in India – 2020 at the COVID Warriors Awards, 2020 by Topgallant Media;</li> <li>• Our centre at Himayatnagar received the ISO 15189:2012 "Medical Laboratories – Requirements for quality and competence" for its facilities in the field of medical testing by NABL;</li> </ul>  |

| Calendar Year | Awards  |
|---------------|---|
|               | <ul style="list-style-type: none"> <li>• Our centre at Sarojini Devi Road received scope of accreditation from NABH;</li> <li>• Our centre at Dilshuknagar received the ISO 15189:2012 by NABL;</li> <li>• Our centre at Habsiguda received the ISO 15189:2012 by NABL;</li> <li>• Our centre at Nandyal received Certificate for fulfilment to the requirement of NABL 128 (Quality Assurance Scheme for Basic Composite Medical Laboratories – Entry Level); and</li> <li>• Our centre at Nellore received Certificate for fulfilment to the requirement of NABL 128 (Quality Assurance Scheme for Basic Composite Medical Laboratories – Entry Level).</li> </ul>  |
| 2019          | <ul style="list-style-type: none"> <li>• Our Company was awarded the Best Diagnostic Centre of the Year, India – 2019 by the Times Healthcare Achievers, The Times of India;</li> <li>• Our Company was awarded the Best Diagnostic Service Provider of the Year – 2019 at the Six Sigma Healthcare Excellence Awards, 2019;</li> <li>• Our Promoter, Dr. S. Surendranath Reddy was awarded the Healthcare Entrepreneur of the year by the Six Sigma Healthcare Excellence Awards, 2019;</li> <li>• Our Company was awarded Most Trusted Diagnostic Centre of the year, India – 2019 at the Indo Arab Leaders Summit Awards, 2019, Dubai;</li> <li>• Our Company was recognised and honoured to be under 10 Most Trusted Brands of the Year 2019 by the Business Sight Magazine;</li> <li>• Our centre at Kukatpally received scope of accreditation from NABH;</li> <li>• Our centre at Hanamkonda received the ISO 15189:2012 “Medical Laboratories – Requirements for quality and competence” for its facilities in the field of medical testing by NABL;</li> <li>• Our centre at Kurnool received the ISO 15189:2012 “Medical Laboratories – Requirements for quality and competence” for its facilities in the field of medical testing by NABL; and</li> <li>• Our centre at Visakhapatnam received the ISO 15189:2012 “Medical Laboratories – Requirements for quality and competence” for its facilities in the field of medical testing by NABL.</li> </ul> |
| 2018          | <ul style="list-style-type: none"> <li>• Our Company was awarded the Healthcare Leadership Award at the Telangana Healthcare Leadership Award 2018;</li> <li>• Our Company received the certificate of excellence and “brand of the year” award in the diagnostic services category by the CEO Magazine;</li> <li>• Our Company was awarded the Fastest Growing Brand (Pride of the Nation) 2018-2019 by United Research Services;</li> <li>• Our centre at Himayatnagar received the ISO 9001:2015 certification to provide medical laboratory and diagnostic services in clinical pathology, haematology, biochemistry, radiology and imaging, nuclear medicine, microbiology, serology and immunodiagnostics, histo and cytopathology, molecular diagnostics, cytogenetics, cardiology, neurology, pulmonology and immunohistochemistry by Bureau Veritas Certification Holding SAS -UK Branch;</li> <li>• Our centre at Gurgaon received the ISO 15189:2012 “Medical Laboratories – Requirements for quality and competence” for its facilities in the field of medical testing by NABL; and</li> <li>• Our centre at Kolkata received the ISO 15189:2012 “Medical Laboratories – Requirements for quality and competence” for its facilities in the field of medical testing by NABL.</li> </ul>   |
| 2012          | Our Company was recognised as one of the Best Imaging Centres in Hyderabad the Week- Hansa Research national survey 2012.   |

#### Time and cost over-runs

There have been no significant time and cost over-runs in the development, implementation of any of our plants or facilities.

#### Defaults or re-scheduling of borrowings

One of our Subsidiaries, MDSL has, in the past, defaulted on certain equipment loans availed from its lenders. Due to these

defaults, MDSL paid ₹0.07 million in delay charges and interest payment on delay charges to the lender. Further, Medinova Millennium MRI Services LLP, one of our Subsidiaries, has delayed the payment of instalments of its equipment loans in fiscals 2017, 2018 and 2019 and as a result paid delay charges and interest payment on delay charges of ₹0.51 million to the lender. For further details see “*Risk Factors - We depend on third-parties to provide us our testing equipment and reagents, and any failure to continue to do so or recall of existing testing equipment and reagents could adversely affect our business, results of operations and financial condition*” on page 25, there have been no defaults or re-scheduling/ re-structuring in relation to borrowings availed by our Company from any financial institutions or banks.

### **Significant financial and strategic partners**

As of the date of this Red Herring Prospectus, our Company does not have any significant financial or strategic partners.

### **Launch of key products or services, entry into new geographies or exit from existing markets**

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, see “*Our Business*” on page 110. For details of our acquisitions and divestments see “- *Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last 10 years - Slump Sale Agreement dated November 6, 2019 amongst our Company, VDC Diagnostics (Karnataka) LLP and L7H Life Resources Pvt Ltd*” on page 133.

### **Strikes and Lock-outs**

We have not experienced any material strikes or lock-outs in respect of our operations.

### **Common Pursuits**

There are common pursuits between our Company and our Subsidiaries. For details, see “*Our Business*” and “*Risk Factors*” on pages 110 and 21. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details of related business transactions and their significance on the financial performance of our Company, see “*Financial Information*” on page 161.

### **Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last 10 years**

Except as disclosed below, our Company has not divested / acquired any business/ undertakings, and has not undertaken any mergers, amalgamations or any revaluation of assets, in the last 10 years.

***Amalgamation of Vijaya Diagnostic Private Limited, Bhadrakali Medical Center Private Limited, Vijaya Diagnostic Centre (Mancherla) Private Limited (collectively the “Transferor Companies”) with our Company pursuant to the order of the High Court for the State of Telangana and Andhra Pradesh (“High Court”) dated January 6, 2016***

Our Company and its erstwhile subsidiaries namely, Vijaya Diagnostic Private Limited, Bhadrakali Medical Center Private Limited, Vijaya Diagnostic Centre (Mancherla) Private Limited had filed a petition to amalgamate themselves with our Company, under sections 391 and 394 of the Companies Act, 1956 (“**Amalgamation Scheme**”). The Transferor Companies was amalgamated with our Company pursuant to the order of the High Court dated January 6, 2016. The Scheme of Arrangement became effective from the appointed date i.e. on April 1, 2015 but became operative from the effective date i.e. March 8, 2016. Upon effectiveness of the Scheme of Amalgamation, the Transferor Companies were dissolved without winding-up with effect from the appointed date. Further, all suits, actions, claims and legal proceedings by or against the Company pending and/or arising on or before the effective date were continued and/or enforced by the Transferor Companies. The Amalgamation Scheme did not involve a reorganization of the share capital of the Transferor Companies and the share capital of Transferor Companies was merged with our Company. The shareholders of each of the Transferor Companies surrendered their share certificate for cancellation and new equity shares of our Company were issued and allotted to the eligible shareholders of the Transferor Companies. As required under the terms of the Amalgamation Scheme, the entire undertaking of the Transferor Companies including, *inter alia*, all property, rights and powers, debt, licences, approvals, liabilities and duties, permanent staff, workmen and employees, was transferred from the Transferor Companies to our Company in manner prescribed under the Amalgamation Scheme. The amalgamation of our Company with Transferor Companies was to ensure synergy of operations for both the companies and to ensure integration of business facilities and infrastructure under one single unit.

***Slump Sale Agreement dated November 6, 2019 amongst our Company, VDC Diagnostics (Karnataka) LLP (“Seller”) and L7H Life Resources Pvt Ltd (“Purchaser”) (“Slump Sale Agreement”)***



Pursuant to the Slump Sale Agreement, Purchaser acquired the Seller which was engaged in the business of healthcare and diagnostic services, as a whole and as a going concern on a slump sale basis together with all (i) working assets, employees, rights, title, licenses, other business related assets and interest of the Seller in, and to the healthcare and diagnostic services business in the manner prescribed in the Slump Sale Agreement.; and (ii) benefits, rights and obligations attached to such business, on November 30, 2019. In consideration for the healthcare and diagnostic services business being transferred by the Seller to the Purchaser, the Purchaser transferred a lump sum consideration of ₹62.03 million to the Seller. The Purchaser shall not be liable for any losses, claims, third party claims, penalties, damages and liabilities caused by the Seller. Further, the terms of the agreement for a non-compete and non-solicitation clause for a period of three year from the completion date, the Seller shall participate in any business or render any services to a competitor.

***Share purchase agreement dated March 27, 2014 amongst M/s. Standard Medical and Pharmaceuticals Limited (“Seller”), our Company, and Medinova Diagnostic Services Limited (“MDSL”) (“MDSL SPA”)***

Pursuant to the MDSL SPA, our Company has agreed to acquire 2,750,220 equity shares of face value of ₹10 of MDSL held by Seller being 29.01% of the total paid up and issued capital of MDSL. Our Company paid an amount of ₹5 per equity shares aggregating to ₹13.75 million. The subsequent acquisition of 3,452,000 equity shares in MDSL was through an open offer process as prescribed under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto. As on the date of this Red Herring Prospectus, our Company has acquired and holds 6,202,220 equity shares of MDSL, constituting to 62.14% of the paid-up share capital of MDSL.

**Holding Company**

As of the date of this Red Herring Prospectus, our Company does not have a holding company.

**Our Subsidiaries**

As of the date of this Red Herring Prospectus, our Company has five Subsidiaries.

**1. Doctorslab Medical Services Private Limited**

*Corporate Information*

Doctorslab Medical Services Private Limited was incorporated on January 24, 2006 as a private limited company under Companies Act, 1956. Its corporate identification number is U85120TG2006PTC081715. A fresh certificate of incorporation was granted on July 6, 2012 pursuant to change in state of registered office from Tamil Nadu to Andhra Pradesh. It has its registered office situated at # 7-1-58, Amrutha Business Complex, Ameerpet, Hyderabad 500 016, Telangana, India.

Doctorslab Medical Services Private Limited is primarily engaged in the business of, *inter alia*. establishing, promoting and maintenance of one or more diagnostics centres, dispensaries, pharmacies, clinics, laboratories, health clubs, health centres, hospitals to provide a comprehensive health care for the society in all the branches of medical sciences by all available means.

*Capital Structure*

The authorised share capital of Doctorslab Medical Services Private Limited is 1,000,000 divided into 100,000 equity shares of ₹10 each and the paid-up share capital of Doctorslab Medical Services Private Limited is 100,000 divided into 10,000 shares of ₹10 each.

*Shareholding*

The shareholding pattern of Doctorslab Medical Services Private Limited is as follows:

| <b>Name of the Shareholder</b>                       | <b>Number of shares held</b> | <b>Percentage of the total shareholding (%)</b> |
|--|------------------------------|---|
| Vijaya Diagnostic Centre Limited<br>(Parent company) | 9,998                        | 99.99   |
| Dr. S. Surendranath Reddy<br>(Nominee shareholder)   | 2                            | 0.01  |
| <b>Total</b>   | <b>10,000</b>                | <b>100</b>                                      |

**2. Medinova Diagnostic Services Limited**

### Corporate Information

Medinova Diagnostic Services Limited was incorporated on March 11, 1993, as a public limited company under the Companies Act, 1956. Further, it received the certificate for commencement of business on March 26, 1993 from the Registrar of Companies, Hyderabad. It is listed on BSE. Its corporate identification number is L85110TG1993PLC015481. It has its registered office situated at # 7-1-58/A/FF8, Flat No.8 Amrutha Business Complex, Ameerpet Hyderabad 500 016, Telangana India.

Medinova Diagnostic Services Limited is primarily engaged in the business of setting up, managing, administering and running of diagnostic centres, on ownership basis as well as under franchise arrangement.

### Capital Structure

The authorised share capital of Medinova Diagnostic Services Limited is 110,000,000 divided into 11,000,000 shares of ₹10 each and the paid-up share capital of Medinova Diagnostic Services Limited is 99,568,000 divided into 9,956,800 shares of ₹10 each.

### Shareholding

The shareholding pattern of Medinova Diagnostic Services Limited as of June 30, 2021 is as follows:

| Category (I) | Category of the Shareholder  | Number of shareholders | Number of shares held | Percentage of the total shareholding (%) |
|--------------|------------------------------|------------------------|-----------------------|--|
| (A)          | Promoter and Promoter Group* | 1                      | 6,202,220             | 62.14                                    |
| (B)          | Public                       | 9,581                  | 3,779,420             | 37.86                                    |
|              | <b>Total</b>                 | <b>9,582</b>           | <b>9,981,640</b>      | <b>100.00</b>                            |

\*Vijaya Diagnostic Centre Limited forms part of the Promoter and Promoter Group

### Share price information

The equity shares of Medinova Diagnostic Services Limited are listed on BSE. The following table provides details of the highest and lowest price on BSE during the preceding six months.

| Month         | BSE (₹) |       |
|---------------|---------|-------|
|               | High    | Low   |
| July 2021     | 48.35   | 46.00 |
| June 2021     | 49.45   | 32.50 |
| May 2021      | 37.65   | 28.30 |
| April 2021    | 36.90   | 21.55 |
| March 2021    | 25.40   | 20.25 |
| February 2021 | 25.55   | 17.65 |

Source: BSE

## 3. Medinova Millennium MRI Services, LLP

### Corporate Information

Medinova Millennium MRI Services, LLP was incorporated on November 21, 2014, as a limited liability partnership under the Limited Liability Partnership Act, 2008. Its LLPIN number is AAC-9556. It has its registered office at 1, Sarat Chatterjee Avenue, Ravindrasarobar Stadium Kolkata 700 029 West Bengal, India

Medinova Millennium MRI Services, LLP is primarily engaged in the business of providing MRI services

The upper limit of contribution is ₹50,000,000. The capital contribution of the Medinova Millennium MRI Services, LLP is ₹23,027,000. The following is the partner profit sharing ratio indicated below:

| Sr. No | Name of Partners                     | Capital Contribution (₹) | Profit sharing (%) |
|--------|--------------------------------------|--------------------------|--------------------|
| 1.     | Medinova Diagnostic Services Limited | 12,682,000               | 55.07              |
| 2.     | Pronab Dasgupta                      | 7,636,000                | 33.14              |
| 3.     | Arnab Dasgupta                       | 2,709,000                | 11.79              |
|        | <b>Total</b>                         | <b>23,027,000</b>        | <b>100.00</b>      |

## 4. Namrata Diagnostic Centre Private Limited

### Corporate Information

Namrata Diagnostic Centre Private Limited was incorporated on October 31, 2007 as a private limited company under the Companies Act, 1956. Its corporate identification number is U85100TG2007PTC081716. A fresh certificate of incorporation was granted on July 6, 2012 pursuant to change in state of registered office from Tamil Nadu to Andhra Pradesh. It has its registered office at # 7-1-58, Amrutha Business Complex, Ameerpet, Hyderabad - 500 016, Telangana, India.

Namrata Diagnostic Centre Private Limited is primarily engaged in the business of, *inter alia*, establishing, promoting and maintenance of one or more diagnostics centres, dispensaries, pharmacies, clinics, laboratories, health clubs, health centres, hospitals to provide a comprehensive health care for the society in all the branches of medical sciences by all available means.

### Capital Structure

The authorised share capital of Namrata Diagnostic Centre Private Limited is 500,000 divided into 50,000 shares of ₹10 each and the paid-up share capital of Namrata Diagnostic Centre Private Limited is 100,000 divided into 10,000 shares of ₹10 each.

### Shareholding

The shareholding pattern of Namrata Diagnostic Centre Private Limited is as follows:

| Name of the Shareholder                              | Number of shares held | Percentage of the total shareholding (%) |
|--|-----------------------|--|
| Vijaya Diagnostic Centre Limited<br>(Parent company) | 9,999                 | 99.99                                    |
| Dr. S. Surendranath Reddy (Nominee shareholder)      | 1                     | 0.01                                     |
| <b>Total</b>   | <b>10,000</b>         | <b>100</b>                               |

## 5. VDC Diagnostics (Karnataka) LLP

### Corporate Information

VDC Diagnostics (Karnataka) LLP was incorporated on October 3, 2013, as a limited liability partnership under the Limited Liability Partnership Act, 2008. Its LLPIN number is AAB-7930. It has its registered office at 2nd floor. CPWD Building, Kendriya Sadan, Sultan Bazaar, Koti, Hyderabad 500 195, Andhra Pradesh.

VDC Diagnostics (Karnataka) LLP is engaged in the business of providing comprehensive range of diagnostic services spanning pathological investigations, radiology and imaging, nuclear medicine, conventional, specialized lab services and diagnostic cardiology. VDC Diagnostics (Karnataka) LLP has no business operations as on date of filing of this Red Herring Prospectus.

The upper limit of contribution is ₹200,000,000. The capital contribution of the VDC Diagnostics (Karnataka) LLP is ₹195,000,000. The following is the partner profit sharing ratio indicated below:

| Sr. No | Name of Partners                         | Capital Contribution (₹) | Profit sharing (%) |
|--------|--|--------------------------|--------------------|
| 1.     | Vijaya Diagnostic Centre Private Limited | 194,980,500              | 99.99              |
| 2.     | Sunil Chandra Kondapally                 | 19,500                   | 0.01               |
|        | <b>Total</b>                             | <b>195,000,000</b>       | <b>100.00</b>      |

### Accumulated profits or losses of Subsidiaries

As on the date of this Red Herring Prospectus, there are no accumulated profits or losses of any of our Subsidiaries that have not been accounted for by our Company.

### Joint Venture

As of the date of this Red Herring Prospectus, our Company has no joint ventures.

### Associate

As of the date of this Red Herring Prospectus, our Company has no associate company.

## **Shareholders' agreements and other agreements**

### ***Key terms of subsisting shareholders' agreements***

***Investment Agreement dated November 23, 2016 amongst our Company, Dr. S. Surendranath Reddy, Sunil Chandra Kondapally, Sura Suprita Reddy, S. Geeta Reddy, B Vishnu Priya, ("Major Shareholders") Karakoram Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 ("Kedaara Capital") (Collectively the "Investors") ("Investment Agreement") as amended by the waiver cum amendment agreement dated May 27, 2021 (the "WCA")***

Pursuant to the Investment Agreement, Karakoram Limited and Kedaara Capital acquired 1,267,097 equity shares and 47,375 equity shares, respectively, of our Company for an aggregate consideration of ₹2,400 million in the first tranche and 3,62,083 equity shares of our Company for an aggregate consideration of ₹1,429.99 million was acquired by the Investors in the second tranche from the Major Shareholders. Our Company agreed to issue Series B CCPS for the Series B CCPS consideration to the Investors as defined in the Investment Agreement. Accordingly, our Company issued 3,005 Series B CCPS for an aggregate consideration of ₹9.99 million to the Investors on March 17, 2017. The conversion ratio for 3,005 Series B CCPS was in the ratio of one equity shares for every one existing CCPS. Subsequently, 3,005 Series B CCPS was converted into 2,897 equity shares which were allotted to Karakoram Limited and 108 equity shares which were allotted to Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 on April 10, 2019. As on the date of this Red Herring Prospectus, the Investors collectively hold 40% of the paid-up share capital of our Company constituting 40,786,357 Equity Shares.

Pursuant to the terms of the Investment Agreement, the Investors are entitled to certain rights including (i) nomination of directors on the Board and committees; (ii) voting rights on certain reserved matters (iii) right to delivery of periodic information of our Company, and (iv) anti-dilution rights and certain pre-emptive rights including ROFR and tag-along rights.

Our Company, Major Shareholders and Investors have entered into the WCA. Pursuant to the WCA, the Investors have, inter alia, waived their right to nominate an observer on the Board and committees of the Company, and their pre-emptive and anti-dilution rights. The WCA will remain in effect until the (i) expiry of 12 months from the date of receipt of final observations of SEBI or (ii) the date on which our Company and Selling Shareholders jointly decide not to undertake a qualified listing which is as per the Investment Agreement means any initial public offering of the Equity Shares of our Company, or any listing of our securities in any other manner as approved by the Investors in a manner contemplated by the Investment Agreement (the "**Termination Events**"). In addition, post listing and trading of the Equity Shares of the Company, the Investors shall be entitled to jointly nominate 1 (one) Director on our Board, for so long as the Investors continue to collectively hold at least 5% (five percent) of the share capital of our Company on a fully diluted basis subject to the approval by shareholders by special resolution post listing and trading of the Equity Shares of our Company. In the event that the Offer is not completed on or prior to the Termination Events, the WCA shall stand immediately and automatically terminated without any further action by any party. Further, the WCA provides that the Investment Agreement shall automatically terminate on the listing and trading of the Equity Shares pursuant to the completion of the Offer.

### ***Key terms of other subsisting material agreements***

Our Company has not entered into any other material agreements, including with strategic partners or financial partners, other than in the ordinary course of business.

### ***Agreements with Key Managerial Personnel, Directors, Promoter or any other employee***

As on the date of this Red Herring Prospectus, there are no agreements entered into by a Key Managerial Personnel or Director or any other employee of our Company, 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 dealings in the securities of our Company.

### ***Details of guarantees given to third parties by the Promoter Selling Shareholder***

As of the date of this Red Herring Prospectus, the Promoter Selling Shareholder has not provided any guarantees to third parties.

## OUR MANAGEMENT

### Board of Directors

In terms of the Companies Act and our Articles of Association, our Company is required to have not more than eight Directors. As on the date of this Red Herring Prospectus, our Board comprises of eight Directors including two executive Directors, six non-executive Directors of which one is a nominee Director and four are independent Directors. Our Board comprises of one woman Director.

The following table sets forth details regarding our Board as of the date of this Red Herring Prospectus:

| S. No. | Name, designation, address, occupation, date of birth, nationality, period and term and DIN   | Age (years) | Directorships in other companies  |
|--------|---|-------------|---|
| 1.     | <b>Dr. S. Surendranath Reddy</b><br><br><i>Designation:</i> Executive Chairman<br><br><i>Address:</i> H. No. 8-10-178/3/B, Nagarjuna Hills, Punjagutta, Hyderabad 500 082, Telangana, India<br><br><i>Occupation:</i> Service<br><br><i>Date of birth:</i> October 29, 1948 <sup>#</sup><br><br><i>Nationality:</i> Indian<br><br><i>Period &amp; Term:</i> Re-appointed for a period of five years with effect from October 1, 2019.<br><br><i>DIN:</i> 00108599 | 72          | <ul style="list-style-type: none"> <li>• Doctorslab Medical Services Private Limited;</li> <li>• Kshetra Agritech Private Limited;</li> <li>• Medinova Diagnostics Services Limited;</li> <li>• Namrata Diagnostic Centre Private Limited;</li> <li>• Summit Nutraceuticals Private Limited;</li> <li>• Trikona Pharmaceuticals Private Limited; and</li> <li>• Vijaya Hospitals Private Limited</li> </ul> |
| 2.     | <b>Sunil Chandra Kondapally</b><br><br><i>Designation:</i> Executive Director<br><br><i>Address:</i> H. No. 8-12-293/82/A/603, road no. 32 and 33, Jubilee Hills, Hyderabad 500 033, Telangana, India<br><br><i>Occupation:</i> Service<br><br><i>Date of birth:</i> July 20, 1975<br><br><i>Nationality:</i> Indian<br><br><i>Period &amp; Term:</i> Re-appointed for a period of five years with effect from October 1, 2019.<br><br><i>DIN:</i> 01409332       | 46          | <ul style="list-style-type: none"> <li>• Medinova Diagnostics Services Limited;</li> <li>• Kshetra Agritech Private Limited;</li> <li>• Summit Nutraceuticals Private Limited; and</li> <li>• Trikona Pharmaceuticals Private Limited</li> </ul>  |
| 3.     | <b>S Geeta Reddy</b><br><br><i>Designation:</i> Non-Executive Director<br><br><i>Address:</i> 8-2-178/10/3/B Nagarjuna Hills, Panjagutta, Hyderabad, 500 082, Telangana, India<br><br><i>Occupation:</i> Business<br><br><i>Date of birth:</i> January 24, 1959<br><br><i>Nationality:</i> Indian<br><br><i>Period &amp; Term:</i> Appointed with effect from November 21, 2019. Liable to retire by rotation.<br><br><i>DIN:</i> 01073233                        | 62          | <ul style="list-style-type: none"> <li>• Doctorslab Medical Services Private Limited;</li> <li>• IFFCO Kisan SEZ Limited;</li> <li>• Namrata Diagnostic Centre Private Limited; and</li> <li>• Vijaya Hospitals Private Limited</li> </ul>  |
| 4.     | <b>Nishant Sharma</b>   | 43          | <ul style="list-style-type: none"> <li>• Aavas Financiers Limited;</li> </ul>   |

| S. No. | Name, designation, address, occupation, date of birth, nationality, period and term and DIN  | Age (years) | Directorships in other companies   |
|--------|--|-------------|--|
|        | <p><b>Designation:</b> Non-executive, Nominee Director*</p> <p><b>Address:</b> Tower 2, APT 102, Planet Godrej Simplex Mills, Mahalaxmi, Mumbai 400 011, India</p> <p><b>Occupation:</b> Professional</p> <p><b>Date of birth:</b> June 19, 1978</p> <p><b>Nationality:</b> Indian</p> <p><b>Period &amp; Term:</b> Liable to retire by rotation</p> <p><b>DIN:</b> 03117012</p>   |             | <ul style="list-style-type: none"> <li>• Aavas Finserv Limited;</li> <li>• Ami Lifesciences Private Limited;</li> <li>• Veritas Finance Private Limited;</li> <li>• Vishal E-Commerce Private Limited; and</li> <li>• Vishal Mega Mart Private Limited.</li> </ul> |
| 5.     | <p><b>Dr. D Nageshwar Reddy</b></p> <p><b>Designation:</b> Non-executive, Independent Director</p> <p><b>Address:</b> A-27 Journalist Colony, Jubilee Hills, Shaikpet Jubilee Hill, Hyderabad, Andhra Pradesh 500 033</p> <p><b>Occupation:</b> Doctor</p> <p><b>Date of birth:</b> March 18, 1956</p> <p><b>Nationality:</b> Indian</p> <p><b>Period &amp; Term:</b> Appointed with effect from May 26, 2021 for a period of five years. Not liable to retire by rotation.</p> <p><b>DIN:</b> 00324725</p>  | 65          | <ul style="list-style-type: none"> <li>• Asian Institute of Gastroenterology Private Limited;</li> <li>• Asian Institute of Nephrology and Urology Private Limited;</li> <li>• Foundation of CFHE; and</li> <li>• Prolifics Corporation Private Limited</li> </ul> |
| 6.     | <p><b>Shekhar Prasad Singh</b></p> <p><b>Designation:</b> Non-executive, Independent Director</p> <p><b>Address:</b> 8-2-293/82/PN/176, Road No. 72 Prashasan Nagar, Jubilee Hills, Hyderabad, Andhra Pradesh 500 033</p> <p><b>Occupation:</b> Chief Secretary to Government of Telangana, retired.</p> <p><b>Date of birth:</b> January 7, 1958</p> <p><b>Nationality:</b> Indian</p> <p><b>Period &amp; Term:</b> Appointed with effect from May 26, 2021 for a period of five years. Not liable to retire by rotation.</p> <p><b>DIN:</b> 00969209</p> | 63          | Nil  |
| 7.     | <p><b>Manjula Anagani</b></p> <p><b>Designation:</b> Non-executive, Independent Director</p> <p><b>Address:</b> Flat No. 208, Aparna Chandradeep Apartments Road No. 7, Near E Seva Center, Banjara Hills, Hyderabad 500 034, Telangana, India</p> <p><b>Occupation:</b> Doctor</p>  | 52          | Nil  |

| S. No. | Name, designation, address, occupation, date of birth, nationality, period and term and DIN  | Age (years) | Directorships in other companies  |
|--------|--|-------------|---|
|        | <p><b>Date of birth:</b> November 8, 1968</p> <p><b>Nationality:</b> Indian</p> <p><b>Period &amp; Term:</b> Appointed for a period of five years with effect from August 22, 2021 to August 21, 2026. Not liable to retire by rotation.</p> <p><b>DIN:</b> 03501757</p>   |             |   |
| 8.     | <p><b>Satyanaryana Murthy Chavali</b></p> <p><b>Designation:</b> Non-executive, Independent Director</p> <p><b>Address:</b> 2-293/82/A/408, Plot No.408, Road No-22A, Jubilee Hills, Shaikpet, Hyderabad 500 033, Telangana, India</p> <p><b>Occupation:</b> Business</p> <p><b>Date of birth:</b> March 12, 1967</p> <p><b>Nationality:</b> Indian</p> <p><b>Period &amp; Term:</b> Appointed with effect from May 26, 2021 for a period of five years. Not liable to retire by rotation.</p> <p><b>DIN:</b> 00142138</p> | 54          | <ul style="list-style-type: none"> <li>• Balaji Amines Limited;</li> <li>• Gland Chemicals Private Limited;</li> <li>• Gland Pharma Limited; and</li> <li>• Satyarx Pharma Innovations Private Limited</li> </ul> |

\*Nishant Sharma is a nominee of Karakoram Limited, pursuant to the Investment Agreement

#The date of birth on the passport and the driving license is given as July 15, 1948. However, the Ministry of Corporate Affairs records his date of birth as October 29, 1948.

#### Arrangement or understanding with major shareholders, customers, suppliers or others

Nishant Sharma has been appointed on the Board of our Company pursuant to the Investment Agreement. The Major Shareholders can nominate three directors pursuant to the Investment Agreement. There is no other arrangement or understanding with major Shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on our Board. Further, none of our Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

#### Relationship between our Directors

Dr. S. Surendranath Reddy is the husband of S Geeta Reddy. Dr. S. Surendranath Reddy and S Geeta Reddy are the biological parents of Sunil Chandra Kondapally. Sunil Chandra Kondapally was adopted by Kondapally Brahmananda Reddy pursuant to an adoption deed dated January 20, 1980. For further details see “Our Promoter and Promoter Group” on page 154.

Except as disclosed above, none of our Directors are related to each other.

#### Brief Biographies of Directors

**Dr. S. Surendranath Reddy** is the executive Chairman of our Company. He holds a bachelor’s degree in medicine from Shri Venkatesvara University and a provisional degree of Doctor of Medicine in Radiology from Osmania Medical College, Hyderabad. He has over 19 years of experience with our Company. He is a life member of the Indian Radiological and Imaging Association. He has also received an award from Abbott for leadership in in-vitro diagnostics and an award for the ‘Healthcare Entrepreneur of the year’ in 2019 from Six Sigma Star Healthcare, New Delhi.

**Sunil Chandra Kondapally** is the Executive Director of our Company. He has been associated with our Company since incorporation. He holds a bachelor’s degree in science in electrical engineering from Florida State University. He has over 17 years of experience in the field of pharmaceutical industry. He founded a pharmaceutical services company Trikona Pharmaceuticals Private Limited in 2016 and QPS Bioserve India Private Limited in 2004 and, which focuses on the development of innovative pharmaceutical products. He has worked in operations, quality accreditation, finance, marketing and network expansion departments of our Company since its incorporation.

**S Geeta Reddy** is a Non-Executive Director of our Company. She holds a bachelor's degree in law from Osmania University. She is enrolled as an Advocate with the Andhra Pradesh High Court in 1986. She is on the board of directors of various companies such as, Sura Agritech Private Limited, Iffco Kisan SEZ Limited, Namrata Diagnostic Centre Private Limited, Vijaya Hospitals Private Limited and Doctorslab Medical Services Private Limited.

**Nishant Sharma** is the Non-Executive Director – Nominee Director of our Company. He holds a master's degree in bio-chemical engineering and bio-technology from the Indian Institute of Technology Delhi and a master's degree in business administration from the Harvard University. He has over 18 years of experience in across various fields. He has worked at Bill & Melinda Gates Foundation, General Atlantic and McKinsey & Company before joining Kedaara Capital Advisors LLP where he is currently the chief investment officer and managing partner.

**Shekhar Prasad Singh** is the Non-Executive Director – Independent Director of our Company. He is a retired IAS officer of 1983 batch. Previously, he acted as Chief Secretary to Government of Telangana.

**Dr. D Nageshwar Reddy** is the Non-Executive Director – Independent Director of our Company. He holds a degree from University of Madras in general medicine and a D.M in gastroenterology from Postgraduate Institute of Medical Education and Research, Chandigarh. He is currently the Chairman of Asian Institute of Gastroenterology, Hyderabad. He received Padma Shri and Padma Bhushan Awards from Government of India.

**Manjula Anagani** is the Non-Executive – Independent Director of our Company. She holds a Doctor of Medicine in Obstetrics and Gynaecology from N.T.R. University of Health Sciences. She is currently working as a clinical director and head of department at the Centre of Women and Child Care at CARE Hospital, Banjara and Hi-Tech City Unit. She has received the fourth highest honour for a civilian in India, the Padma Shri.

**Satyanarayana Murthy Chavali** is an Non-Executive– Independent Director of our Company. He holds a bachelor's degree in technology from Indian Institute of Technology, Madras and a post graduate diploma in management from Indian Institute of Management, Bangalore. He previously worked as a chief executive officer of Aurigene Discovery Technologies Limited and has previously worked at Dr. Reddy's Laboratories Limited.

#### **Details regarding directorships of our Directors in listed companies**

None of our Directors is or was, during the last five years preceding the date of this Red Herring Prospectus, a director of any listed company whose shares have been or were suspended from being traded on BSE or NSE during their tenure as a director 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 their tenure as a director in such company.

#### **Confirmations**

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

#### **Terms of appointment of Directors**

##### **1. Remuneration to executive Directors:**

**Dr. S. Surendranath Reddy** is the Executive Chairman of our Company. Our Board and Shareholders in their meetings held on July 25, 2019 and September 30, 2019, respectively approved the re-appointment of Dr. S. Surendranath Reddy as the Executive Chairman with effect from October 1, 2019 for a period of five years. The shareholders approved the appointment of Dr. S. Surendranath Reddy for his continuation as the Executive Chairman after attaining the age of 70 years, pursuant to their meeting dated September 30, 2019. Further, our Board and our Shareholders in their meetings held on May 27, 2021 approved the following remuneration for Dr. S. Surendranath Reddy with effect from June 1, 2021, for the remaining period of his present term of appointment. The details of his employment pursuant to the resolutions passed and the employment agreement dated December 5, 2016 are as stated below:

| Particulars | Remuneration |
|-------------|--------------|
| Salary      | ₹20 million  |



During Financial Year 2021, Dr. S. Surendranath Reddy was paid a remuneration of ₹16.50 million by the Company. Further, he has not been paid any remuneration in Financial Year 2021 by our Subsidiaries, including contingent or deferred compensation for Financial Year 2021.

**Sunil Chandra Kondapally** is an Executive Director of our Company. Our Board and Shareholders in their meetings held on July 25, 2019 and September 30, 2019, respectively approved the re-appointment of Sunil Chandra Kondapally as an Executive Director with effect from October 1, 2019 for a period of five years. Further, our Board and our Shareholders in their meetings held on May 27, 2021 approved the following remuneration for Sunil Chandra Kondapally with effect from June 1, 2021. The details of his employment pursuant to the resolutions passed and the employment agreement dated December 5, 2016 are as stated below:

| Particulars | Remuneration |
|-------------|--------------|
| Salary      | ₹10 million  |

During Financial Year 2021, Sunil Chandra Kondapally was paid remuneration of ₹5.50 million by the Company. Further, he has not been paid any remuneration in Financial Year 2021 by our Subsidiaries, including contingent or deferred compensation for Financial Year 2021.

## 2. Remuneration to non-executive Directors:

Pursuant to the Board resolution dated May 26, 2021, each Non-Executive Independent Director (except for Manjula Anagani) is entitled to receive an annual consolidated remuneration in the form of commission at 0.5% of the consolidated net profit of the Company subject to a maximum of ₹1.20 million for each Financial Year. No sitting fees were paid to our Non-Executive Directors in the Financial Year 2021. Pursuant to the circular resolution of the Board dated August 22, 2021, Manjula Anagani is entitled to receive an annual consolidated remuneration in the form of commission at 0.5% of the consolidated net profit of the Company subject to a maximum of ₹1.20 million per annum. However, Manjula Anagani received ₹0.27 million in consultancy fees in fiscal 2021.

Our Non-Executive, Nominee Director is not entitled to be paid any sitting fees.

### Shareholding of Directors in our Company

Except as disclosed below, as on the date of this Red Herring Prospectus, none of our Directors hold any Equity Shares:

| Name of Director          | Number of Equity Shares held |
|---------------------------|------------------------------|
| Dr. S. Surendranath Reddy | 38,521,195                   |
| Sunil Chandra Kondapally  | 9,106,933                    |
| S. Geeta Reddy            | 4,058,638                    |

Our Articles of Association do not require our Directors to hold any qualification shares.

### Shareholding of Directors in our Subsidiaries

Except as disclosed below, as on the date of this Red Herring Prospectus, none of our Directors hold any equity shares in our Subsidiaries:

| Name of the Director      | Name of Subsidiary                          | Number of equity shares | Percentage Shareholding (%) |
|---------------------------|---|-------------------------|-----------------------------|
| Dr. S. Surendranath Reddy | Doctorslab Medical Services Private Limited | 2                       | 0.02                        |
| Dr. S. Surendranath Reddy | Namrata Diagnostic Centre Private Limited   | 1                       | 0.01                        |

### Interest of Directors

All non-executive, Independent Directors may be deemed to be interested to the extent of remuneration payable to them for attending meetings of our Board and committees thereof, and reimbursement of expenses available to them. All Executive Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them as stated in “Our Management – Terms of appointment of our Directors - Remuneration to executive directors” on page 141. Except Dr. S. Surendranath Reddy, who is the Promoter of our Company and Sunil Chandra Kondapally and S Geeta Reddy, who are a part of our Promoter Group of our Company, none of our Directors have any interest in the promotion of our Company, except in the ordinary course of business. The Directors may also be regarded as interested in the Equity Shares held

by them or by their relatives, if any or to the extent that our Directors are associated with our Shareholders, or that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoter, pursuant to this Offer. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares.

Except as stated below, none of our directors have any interest in any property acquired or proposed to be acquired of our Company.

Dr. S. Surendranath Reddy, Sunil Chandra Kondapally and S Geeta Reddy are lessors of the properties which have been taken on lease by our Company to operate our diagnostic centres. These properties are located in Haryana, Andhra Pradesh and Telangana. For further details see “*Our Promoter and Promoter Group*” and “*Financial Statements*” on page 154 and 161.

No loans have been availed by our Directors from our Company or Subsidiaries.

None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company.

None of our Directors are party to any bonus or profit sharing plan of our Company.

### Changes in the Board in the last three years

| Name                        | Date of Appointment/ Change/ Cessation | Reason   |
|-----------------------------|--|--|
| Manjula Anagani             | August 23, 2021                        | Change in designation to Non-Executive – Independent Director  |
| Manjula Anagani             | August 22, 2021 (circular resolution)  | Appointment as an Additional Director  |
| P S Narasimha               | August 21, 2021                        | Resignation as Independent Director due to recommendation by the Supreme Court Collegium to elevate P S Narasimha as a judge of the Supreme Court of India |
| P S Narasimha               | May 26, 2021                           | Change in designation to Non-Executive – Independent Director  |
| Satyanarayan Murthy Chavali | May 26, 2021                           | Change in designation to Non-Executive – Independent Director  |
| Dr. D Nageshwar Reddy       | May 26, 2021                           | Change in designation to Non-Executive – Independent Director  |
| Shekhar Prasad Singh        | May 26, 2021                           | Change in designation to Non-Executive – Independent Director  |
| P S Narasimha               | May 26, 2021                           | Appointed as an Additional Director  |
| Satyanarayan Murthy Chavali | May 26, 2021                           | Appointed as an Additional Director  |
| Dr. D Nageshwar Reddy       | May 26, 2021                           | Appointed as an Additional Director  |
| Shekhar Prasad Singh        | May 26, 2021                           | Appointed as an Additional Director  |
| Aditya Vij                  | May 26, 2021                           | Resigned as Non-Executive – Nominee Director   |
| S Geeta Reddy               | September 28, 2020                     | Change in designation to Director  |
| S Geeta Reddy               | November 21, 2019                      | Appointed as an Additional Director  |
| Sura Suprita Reddy          | October 31, 2019                       | Resigned as Managing Director  |

### Borrowing Powers of Board

Pursuant to our Articles of Association, and pursuant to a resolution passed by the Shareholders of our Company on October 10, 2014 and in accordance with the provisions of the Companies Act and the rules made thereunder, our Board is authorised to borrow such monies which together with the money already borrowed will or may exceed the aggregate of the paid up capital of our Company and its free reserves, that is to say reserves not set apart for any specific purpose but, however the total amount upto which monies may be borrowed by our Board and outstanding at any time shall not exceed the limit of ₹2,000 million.

### Corporate Governance

The corporate governance provisions of the Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the stock exchanges, BSE and NSE. We are in compliance with the requirements of the applicable regulations, including the Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof, as applicable. The corporate governance framework is based on an effective independent Board, separation of the Board’s supervisory role from the executive management team and constitution of the Board committees, as required under law.

### Committees of the Board

#### *Audit Committee*

The members of the Audit Committee are:

1. Satyanarayana Murthy Chavali; *Chairman*
2. Shekhar Prasad Singh;
3. Dr. D Nageshwar Reddy;
4. Nishant Sharma.

The Audit Committee was constituted on May 26, 2021. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations and its terms of reference include the following:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of our Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the director's responsibility statement to be included in the Board's report, in terms of the Companies Act, 2013;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions; and
  - g) Qualifications and modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Examination of the financial statement and auditor's report thereon;
7. Monitoring the end use of funds raised through public offers and related matters;
8. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice and making appropriate recommendations to the Board to take up steps in this matter;
9. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
10. Approval or any subsequent modification of transactions of the Company with related parties;
11. Scrutiny of inter-corporate loans and investments;
12. Valuation of undertakings or assets of the Company, wherever it is necessary;
13. Evaluation of internal financial controls and risk management systems;
14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
15. 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;
16. Discussion with internal auditors of any significant findings and follow up there on;
17. 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;
18. Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time
20. To look 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;
21. To review the functioning of the whistle blower mechanism;
22. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
23. Carrying out any other function as may be required / mandated as per the provisions of the Companies Act, 2013, Listing Agreements and/or any other applicable laws;
24. Reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

25. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations as and when becomes applicable:
  - (a) quarterly statement of deviation(s) submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### ***Nomination and Remuneration Committee***

The members of the Nomination and Remuneration Committee are:

1. Satyanarayana Murthy Chavali; *Chairman*
2. Shekhar Prasad Singh;
3. Nishant Sharma.

The Nomination and Remuneration Committee was last reconstituted on May 26, 2021. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors 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 short and long term performance objectives appropriate to the working of the Company and its goals;
2. Formulating criteria for evaluation of performance of independent directors and the Board of Directors;
  3. Devising a policy on diversity of board of directors;
  4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of directors their appointment and removal;
  5. Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
  6. Recommending to the board, all remuneration, in whatever form, payable to senior management.
  7. Administering, monitoring and formulating detailed terms and conditions of the ESOP Plan 2018 and ESOP Schemes 2018 including any amendments made thereto, and any other employee stock option plan that the Company adopts in the future
  8. Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable; and
  9. Performing such other functions as may be necessary or appropriate for the performance of its duties.
  10. 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.

### ***Stakeholders' Relationship Committee***

The members of the Stakeholders' Relationship Committee are:

1. Dr. D Nageshwar Reddy; *Chairman*
2. Satyanarayana Murthy Chavali;
3. Sunil Chandra Kondapally.

The Stakeholders' Relationship Committee was constituted by our Board at their meeting held on May 26, 2021. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act and the Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee are as follows:

1. To resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
2. To review of measures taken for effective exercise of voting rights by shareholders;
3. To review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. 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;
5. To review of the various 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; and
6. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or the Listing Regulations or by any other regulatory authority.

### ***Corporate Social Responsibility Committee***

The members of the Corporate Social Responsibility Committee are:

1. Shekhar Prasad Singh; *Chairman*
2. Dr. D Nageshwar Reddy;
3. Sunil Chandra Kondapally;
4. S Geeta Reddy.

The Corporate Social Responsibility Committee was constituted by our Board at their meeting held on May 26, 2021. The terms of reference of the Corporate Social Responsibility Committee of our Company include the following:

1. Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subject specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;
2. Recommending the amount of expenditure to be incurred, amount to 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;
3. Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;
4. Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
5. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
6. Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required; and
7. Performing 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.

### ***IPO Committee***

The members of the IPO Committee are:

1. Sunil Chandra Kondapally;
2. Satyanarayana Murthy Chavali; and
3. Nishant Sharma.

The IPO Committee was last constituted by our Board at their meeting held on May 27, 2021. 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 the Draft Red Herring Prospectus, this 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 IPO Committee is also authorised to approve the following in connection to the initial public offering:

1. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, the RBI, SEBI, the relevant registrar of companies and any other governmental or statutory 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 and wherever necessary, incorporate such modifications / amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus as applicable;
2. To finalize, settle, approve, adopt and file in consultation with the BRLMs where applicable, the DRHP, the RHP the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;
3. To decide in consultation with the BRLMs on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band (including offer price for anchor investors), bid period, Offer price, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;
4. To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs;
5. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;
6. To seek, if required, the consent and/or waiver of the lenders of the Company, customers, 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 and/or waivers that may be required in relation to the Offer or any actions connected therewith;
7. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
8. To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
9. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;
10. To accept and appropriate the proceeds of the Offer in accordance with the Applicable Laws;
11. To approve code of conduct as may be considered necessary by the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;
12. To approve the implementation of any corporate governance requirements that may be considered necessary by the Board

or the IPO Committee or as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;

13. To issue receipts/allotment letters/confirmation of allotment 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 one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforesaid documents;
14. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
15. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;
16. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and / or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the aforesaid documents;
17. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;
18. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;
19. Authorising of the maintenance of a register of holders of the Equity Shares;
20. To submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies, and the relevant stock exchange(s) where the Equity Shares are to be listed;
21. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause 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 this resolution 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;
22. To delegate any of its powers set out under (1) to (17) hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of the Company;
23. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the Listing Regulations or any other Applicable Laws;
24. To approve the list of 'group of companies' of the Company, identified pursuant to the materiality policy adopted by the Board, for the purposes of disclosure in the DRHP, RHP and Prospectus;
25. Deciding, negotiating and finalising the pricing and all other related matters regarding the Pre-IPO Placement, including the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with applicable laws;
26. Taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;
27. To withdraw the DRHP or the RHP or to decide to not proceed with the Issue at any stage in accordance with Applicable Laws and in consultation with the BRLMs; and
28. To appoint, in consultation with the BRLMs, the registrar and other intermediaries to the Offer, in accordance with the provisions of the SEBI Regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/ agents; and
29. Doing any other act and/or deed, negotiating and executing any document(s), application(s), agreement(s), undertaking(s), deed(s), affidavits, declarations and certificates and/or giving such direction, including any direction to settle all questions, removing any difficulties or doubts that may arise from time to time in relation to the Offer or allotment of the Equity Shares in the Offer and utilising the Offer proceeds, in such manner as the Board may deem fit, and giving such directions and/or instructions as it may from time to time decide and accepting and giving effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions and taking such actions or giving such directions as may be necessary or desirable and as it deems fit or as may be necessary or desirable with regard to the Offer.

#### ***Risk Management Committee ("RMC")***

The members of the Risk Management Committee are:

1. Sunil Chandra Kondapally; *Chairman*
2. Dr. D Nageshwar Reddy;
3. S Suprita Reddy.

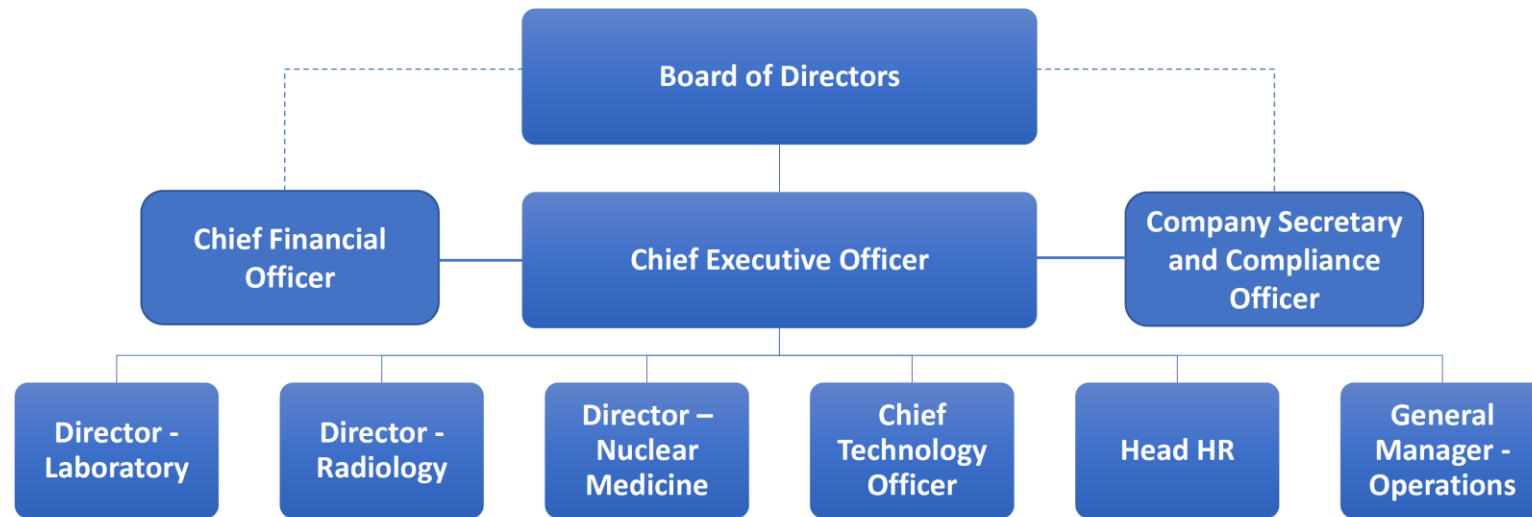
The RMC was last constituted by our Board at their meeting held on May 26, 2021 . The terms of reference of the RMC of our Company include the following:

1. To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

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.”



### Management Organisation Chart



## Key Managerial Personnel

The details of the Key Managerial Personnel of our Company are as follows:

**Dr. S. Surendranath Reddy and Sunil Chandra Kondapally** are the Executive Chairman and Executive Director, respectively, of our Company. For further details see “– *Brief Biographies of Directors*” and “– *Terms of Appointment of Directors - Remuneration to executive Directors*” on pages 140 and 141, respectively.

**Sura Suprita Reddy** is the CEO of our Company. She has been associated with our Company since its incorporation. She holds a bachelor’s degree in commerce from Osmania University. Since then, she has been heading the overall strategy, clinical excellence, operations, and expansion of the company. She has previously been a director of the Medinova Diagnostic Services Limited, Namrata Diagnostic Centre Private Limited, Park Health Systems Private Limited and Doctorslab Medical Services Private Limited. She has also been a director of our Company from 2014 to 2019. She has been awarded the ‘Women Leadership Award in Healthcare’ by ABP in 2019. During the Financial Year 2021, she was paid gross salary of ₹13.75 million\*.

*\*The remuneration of Sura Suprita Reddy has been increased to ₹27.50 million with effect from June 1, 2021 pursuant to a resolution of the Board and Shareholders dated May 27, 2021*

**Narasimha Raju K.A.** is the Chief Financial Officer of our Company. He holds a bachelor’s degree of commerce from Osmania University and is a member of the Institute of Chartered Accountants of India. He was associated with our Company from June 2017 to November 2020 and was a part of the finance, MIS and strategy department. He later re-joined our Company on March 15, 2021, and was appointed as the CFO with effect from May 1, 2021. He has previously worked with S.R. Batliboi & Co., NSL Renewable Power Private Limited and PBEL Property Development (India) Private Limited. He has over 14 years of professional experience in audit, financial reporting, regulatory compliance and accounting advisory. During the Financial Year 2021, he was paid gross salary of ₹3.67 million.

**SV Balaji** is the Chief Technology Officer. He has been associated with our Company since November 2018. He holds a bachelor’s degree in commerce from Osmania University. He holds a diploma in computer applications from National Center for Computing Techniques. He has more than 24 years of experience in the hospital information department, product management customer support and presales among other things. Prior to joining our Company, he has worked at Quality Care India Limited (Care Hospitals) and Napier Healthcare Solutions India Limited. During the Financial Year 2021, he was paid gross salary of ₹4.02 million.

**P Vijaya Bhavani** is the General Manager - Operations. She has been associated with our Company since October 2020. She holds a bachelor’s degree in science (computer science) from the University of Madras. She also holds a post graduate diploma in public relations from Annamalai University and a master’s degree in business administration from Sikkim Manipal University. She has over 20 years of experience in field of operations of which includes experience in the diagnostic services industry. Prior to joining our Company, she has worked at Yasodha Hospitals, Elbit Medical Diagnostic Limited, Sreyas Mediventures LLP, ICICI Bank Limited, Medinova Diagnostic Services Private Limited, Diana Hotels Limited, RPG Paging Services Limited, Juno Online Services Development Private Limited. She has also previously worked with our Company for over six years before being engaged at her present position. During the Financial Year 2021, she was paid gross salary of ₹1.09 million.

**Ajay Nath** is the Head of Human Resources department. He has been associated with our Company since May 2021. He holds master’s degree in commerce, bachelor’s degree in law, from Osmania University and post graduate diploma in industrial relations and personnel management from Bhavans Rajendra Prasad Institute of Communication and Management. He has overall experience of 23 years in human resource functions across industries. He previously worked at L V Prasad Eye Institute as Associate Director - Human Resources. Prior to this, he has worked at Kamineni Steels & Power India Private Limited, Softpro Systems Limited, Transport Corporation of India Limited, Capstone Consulting Private Limited, Gulf Info-Tech (India) Private Limited, CARE- India, Triumphant Institute of Management Education Private Limited and Totem Infrastructure Limited. Since he was appointed in May 2021 he was not paid any salary during the Financial Year 2021.

**Dr Lata Manjeshwar Kini** is consultant, heading the Lab Technical Operations of our Company. She has been associated with our Company since February 2021. She holds M.B.B.S & M.D. in pathology from Kasturba Medical College, Mangalore University. She has over 22 years of work experience in laboratory medicine. She has worked at GM Health Care Private Limited and CORE Diagnostics Private Limited. During the Financial Year 2021, she was paid a consultancy fee of ₹0.86 million.

**Dr Kishore LT** is a consultant and the director radiology. He has been associated with our Company since November 2019. He holds a degree in M.B.B.S and MD in radio diagnosis from Osmania Medical College. He has also received a certification as the diplomate of the national board from the National Board of Examinations, New Delhi. He has also completed his

fellowship in magnetic resonance imaging from the University of California, Los Angeles and in interventional radiology from the University of Texas. He has over 28 years of experience in radiology services. He has previously been associated with Quality Care India Limited and Apollo Hospitals Limited. He also served as radiologist specialist in AL Hammadi Hospital, Riyadh. He also served as assistant professor for radiology at Nizam Institute of Medical Sciences. During the Financial Year 2021, he was consultancy fee of ₹5.93 million.

**Dr Anuj Jain** is a consultant, doctor-head nuclear medicine. He has been associated with our Company since February 2010. He holds an M.B.B.S from University of Rajasthan and a diploma in radiation medicine from University of Delhi. He has 10 years of clinical experience. He has previously been associated with Max Devaki Devi Hear & Vascular Institute. He is also a life member of the Society of Nuclear Medicine of India and a fellow of Asian Nuclear Medicine Board. During the Financial Year 2021, he was paid a consultancy fee of ₹6.45 million.

**V Sri Lakshmi** is a Company Secretary & Compliance Officer of our Company and Medinova Diagnostic Services Limited. She is member of the Institute of Company Secretaries of India (ICSI) and holds a master's degree in commerce from Osmania University and a bachelor's degree in law from Osmania University. She has around 15 years of work experience in secretarial, legal and compliance domain. She has previously worked with Brightcom Group Limited as their company secretary. She has also been associated with Tera Software Limited and NCC Limited. During the Financial Year 2021, she was paid gross salary of ₹0.85 million.

### **Status of Key Managerial Personnel**

Except Dr. Anuj Jain, Dr. Kishore LT and Dr. Lata Manjeshwar Kini who are consultants to our Company, all our Key Managerial Personnel are permanent employees of our Company.

### **Relationship between our Key Managerial Personnel and Directors**

Except Dr. S. Surendranath Reddy who is the father of Sura Suprita Reddy and Sunil Chandra Kondapally, none of our Directors are related to each other.

### **Shareholding of Key Managerial Personnel**

Except as disclosed below, none of our Key Managerial Personnel hold any Equity Shares in our Company.

| <b>Sr. No.</b> | <b>Name</b>               | <b>Number of Equity Shares</b> |
|----------------|---------------------------|--------------------------------|
| 1.             | Dr. S. Surendranath Reddy | 38,521,195                     |
| 2.             | Sura Suprita Reddy        | 9,176,933                      |
| 3.             | Sunil Chandra Kondapally  | 9,106,933                      |
| 4.             | Anuj Jain                 | 10,000                         |
|                | <b>Total</b>              | <b>56,815,061</b>              |

### **Bonus or Profit Sharing Plans of the Key Managerial Personnel**

None of our Key Managerial Personnel are party to any bonus or profit sharing plan of our Company. However, some of our Key Managerial Personnel are entitled to receive employee stock options pursuant to the ESOP Plan 2018 including ESOP Schemes 2018

### **Interests of Key Managerial Personnel**

Sura Suprita Reddy is a lessor of certain properties which have been taken on lease by our Company to operate our diagnostic centres. These properties are located in Andhra Pradesh and Telangana

Except as disclosed in “*Our Management - Interest of Directors*” and “*Our Promoter and Promoter Group*” on page 142 and 154, our Key Management Personnel do not have any interest in our Company other than to 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 business.

The Key Management Personnel may be regarded as interested in the Equity Shares held by them, if any, and to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, as well as employee stock options under the ESOP Plan 2018 including ESOP Schemes 2018.

## Changes in the Key Managerial Personnel

The changes in the Key Managerial Personnel in the last three years are as follows:

| Name                | Designation             | Date of change    | Reason for change                        |
|---------------------|-------------------------|-------------------|--|
| Narasimha Raju K.A. | Chief Financial Officer | May 1, 2021       | Appointed as Chief Financial Officer     |
| Sandhya Rani Sama   | Chief Financial Officer | April 18, 2021    | Resigned as Chief Financial Officer      |
| Sura Suprita Reddy  | Chief Executive Officer | November 1, 2019  | Appointed as Chief Executive Officer     |
| Sri Lakshmi         | Company Secretary       | July 18, 2019     | Appointed as Company Secretary           |
| Vijay Gupta         | Company Secretary       | June 3, 2019      | Resigned as Company Secretary            |
| Sandhya Rani Sama   | Chief Financial Officer | December 26, 2018 | Appointed as the Chief Financial Officer |
| Vijay Gupta         | Company Secretary       | October 15, 2018  | Appointed as Company Secretary           |

## Service Contracts with Directors and Key Managerial Personnel

Other than the statutory benefits that the KMPs are entitled to, upon their retirement, no officer of our Company, including our Directors and the Key Managerial Personnel have entered into a service contract including termination/ retirement benefits with our Company pursuant to which they are entitled to any benefits upon termination of employment.

## Contingent and deferred compensation payable to our Director and Key Managerial Personnel

There is no contingent or deferred compensation accrued for Financial Year 2021 and payable to our Directors and Key Managerial Personnel, which does not form a part of their remuneration.

## Payment or benefit to Key Managerial Personnel

Dr. S. Surendranath Reddy, Sunil Chandra Kondapally and Sura Supritha Reddy are lessors of the properties which have been taken on lease by our Company to operate our diagnostic centres. These properties are located in Haryana, Andhra Pradesh and Telangana. For further details see “*Our Promoter and Promoter Group*” on page 154.

Except as stated above, no non-salary amount or benefit has been paid or given to any of our Key Managerial Personnel within the two preceding years or is intended to be paid or given.

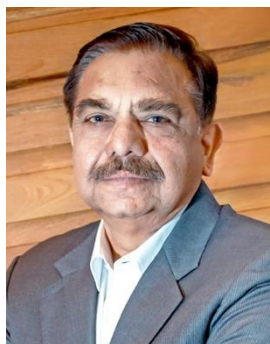
## Employees Stock Options

For details in relation to ESOP Plan 2018 including ESOP Schemes 2018, see “*Capital Structure – Employee Stock Option Plan 2018 and ESOP Schemes 2018*” on page 63.

## OUR PROMOTER AND PROMOTER GROUP

Dr. S. Surendranath Reddy is the Promoter of our Company. Our Promoter currently hold an aggregate of 38,521,195 Equity Shares, aggregating to 37.78% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For further details, see “*Capital Structure – History of the Equity Share capital held by our Promoter*” on page 57.

### Our Individual Promoter



#### Dr. S. Surendranath Reddy

Dr. S. Surendranath Reddy (DIN:00108599), born on October 29, 1948 and aged 72 years, is the Executive Chairman of our Company. He is an Indian national. For further details in respect of his address, educational qualifications, professional experience, positions/ posts held in the past and other directorships and special achievements, see “*Our Management*” on page 138.

Dr. S. Surendranath Reddy holds 38,521,195, Equity Shares in our Company, equivalent to 37.78% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. Other than as disclosed in this section and “*Our Management*” on page 138. Dr. S. Surendranath Reddy is not involved in any other venture.

His permanent account number is AGQPS3104F, his driving license number\* is 1189521975 and his Aadhaar card number is 7739 8008 5159.

Our Company confirms that the PAN, passport number\*and bank account number of Dr. S. Surendranath Reddy have been submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus with them.

*\*The driving license reflects his name as S. Surender Reddy and passport reflects his name as Sura Surender Reddy.*

### Interests of our Promoter

Our Promoter is interested in our Company to the extent he has promoted our Company and to the extent of his shareholding in our Company and dividend payable, if any, and other distributions in respect of the Equity Shares held by him.

Except as disclosed below, our Promoter has no interest in any property acquired in the three years preceding the date of this Red Herring Prospectus or is proposed to be acquired by our Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Our Promoter is the lessor and co-owns properties located at multiple locations in Haryana, Andhra Pradesh and Telangana which have been taken on lease by our Company to operate our diagnostic centres at Chandanagar, Himayatnagar, Kurnool, Dilsuknagar, Habsiguda, Kukatpally, Vizag, Safilguda, Gurgaon, Santosh Nagar, Madina, Ameerpet, Bakaram, Dilsukhnagar and our godown at Bala Nagar, including and our Registered Office. For further details, see “*Risk Factors - Certain of our Promoter, Directors and Key Managerial Personnel have interests in our Company in addition to their normal remuneration or benefits and reimbursement of expenses incurred*” on page 33. Our Promoter has been paid an aggregate rent of ₹85.16 million during Fiscals 2021, 2020 and the three month period ended June 30, 2021, from such leases. The rent agreements for such properties have a periodic escalation clause between 5 – 15% on the base rent. Such escalation is due at the end of every twelve months of the lease. For further details, see “*Financial Statements*” on page 161.

No sum has been paid or agreed to be paid to our Promoter or to the firms or companies in which our Promoter is interested as a member in cash or shares or otherwise by any person, either to induce him to become or to qualify him, as directors or promoter or otherwise for services rendered by such Promoter or by such firms or companies in connection with the promotion or formation of our Company.

### Payment or benefits to our Promoter or our Promoter Group

During Fiscals 2021, 2020 and the three month period ended June 30, 2021, we have paid an aggregate rent of ₹85.16 million and ₹190.48 million to our Promoter and Promoter Group, respectively, from leases of our diagnostic centres for certain diagnostic centres owned and co-owned by them. The rent agreements for such properties have a periodic escalation clause between 5 – 15% on the base rent. Such escalation is due at the end of every twelve months or three years of the lease. For further details see “*Risk Factors - Certain of our Promoter, Directors and Key Managerial Personnel have interests in our*

Company in addition to their normal remuneration or benefits and reimbursement of expenses incurred.” and “Financial Statements” on page 33 and 161.

Further, one of the members of our Promoter Group namely Park Health Systems Private Limited has availed certain services from our Company while sold consumables to our Company. For further details see “Financial Statements – Annexure VII – Note 45” on page 207.

Except as disclosed above, no amount or benefit has been paid or given to our Promoters or members of our Promoter Group during the two years preceding the filing of this Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or members of our Promoter Group.

#### **Material guarantees given by our Promoter to third parties with respect to Equity Shares**

Our Promoter has not given any material guarantees to any third party with respect to the Equity Shares of our Company.

#### **Companies or firms with which our Promoter has disassociated in the last three years**

As on the date of this Red Herring, our Promoter has not disassociated from any company or firm in the last three years.

#### **Promoter Group**

Apart from our Promoter, the following individuals and entities constitute our Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.

#### ***Natural persons who are a part of our Promoter Group***

| <b>S. No.</b> | <b>Name of the Promoter Group</b> | <b>Relation with Promoter</b>               |
|---------------|-----------------------------------|---|
| 1.            | S. Geeta Reddy                    | Wife of the Promoter                        |
| 2.            | P. Madhulika Reddy                | Promoter’s wife’s sister                    |
| 3.            | P.V. Sanjay Kumar                 | Promoter’s wife’s brother                   |
| 4.            | Sunil Chandra Kondapally*         | Promoter’s son                              |
| 5.            | Sura Suprita Reddy                | Promoter’s daughter                         |
| 6.            | M.Sujata Reddy                    | Promoter’s sister                           |
| 7.            | B. Vishnu Priya                   | Promoter’s son’s wife                       |
| 8.            | Birudavolu Jalaja                 | Promoter’s daughter in law’s mother         |
| 9.            | Birudavolu Dayakar Reddy          | Promoter’s daughter in law’s father         |
| 10.           | Birudavolu Gautam                 | Promoter’s daughter in law’s brother        |
| 11.           | Nanda Birudavolu Kumar            | Promoter’s daughter in law’s brother        |
| 12.           | Charita Birudavolu Reddy          | Promoter’s daughter in law’s brother’s wife |
| 13.           | Manjula Kankanthi                 | Promoter’s brother’s daughter in law        |

\* Dr. S. Surendranath Reddy and S Geeta Reddy are the biological parents of Sunil Chandra Kondapally. Sunil Chandra Kondapally was adopted by Kondapally Brahmananda Reddy pursuant to an adoption deed dated January 20, 1980.

#### ***Entities who are a part of our Promoter Group***

- Kshetra Agritech Private Limited;
- Park Health Systems Private Limited;
- S Square Properties LLP;
- Summit Nutraceuticals Private Limited;
- Trikona Holdings LLP;
- Trikona Pharmaceuticals Private Limited;
- Vijaya Holdings India LLP; and
- Vijaya Hospitals Private Limited

## OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations and pursuant to the resolution passed by our Board at its meeting held on August 16, 2021 group companies of our Company shall include (i) the companies (other than our Subsidiaries) with which there were related party transactions as per the Restated Financial Information of the Company for the Financial Years ended March 31, 2019, March 31, 2020 and March 31, 2021 and for the three month period ended June 30, 2021; and (ii) such other company as deemed material by our Board. For the purposes of (ii) above, the Board has approved that for the purposes of disclosure in connection with the Offer, there is no other company considered material by the Board which shall be considered as a group company of the Company.

Accordingly, in terms of the policy adopted by our Board for determining group companies, our Board has identified Park Health Systems Private Limited and Vijaya Hospitals Private Limited as our Group Companies.

### Details of our Group Companies

#### 1. Park Health Systems Private Limited (“PHSPL”)

##### *Corporate Information*

PHSPL was incorporated as a private limited company under Companies Act, 1956 on February 8, 2007. Its corporate identity number of is U85110TG2007PTC052677. Its registered office is situated at 6-3-903/A&B, Somajiguda, Hyderabad 500 082, Telangana, India.

##### *Nature of Activities*

PHSPL is engaged in the business of *inter alia*, acquiring and maintaining one or more hospitals for reception and treatment of persons suffering from illness, or of persons requiring medical attention or rehabilitation and to provide medical relief to the public in all branches of medical sciences.

##### *Shareholding*

The shareholding pattern of PHSPL is as follows:

| Name of the Shareholder | Number of shares held | Percentage of the total shareholding (%) |
|-------------------------|-----------------------|--|
| C Damodar Reddy         | 5,933,655             | 72.73                                    |
| S Suprita Reddy         | 2,189,500             | 26.84                                    |
| C Prathima Reddy        | 35,000                | 0.43                                     |
| <b>Total</b>            | <b>8,158,155</b>      | <b>100</b>                               |

##### *Financial Performance*

The financial information derived from the audited financial results of PHSPL for the financial years ended 2020, 2019 and 2018 is set forth below:

| Particulars  | Financial Year ended March 31, |         |        |
|--|--------------------------------|---------|--------|
|  | 2020                           | 2019    | 2018   |
| Equity Capital                                     | 81.58                          | 81.58   | 81.58  |
| Reserves (Excluding Revaluation Reserve)           | 134.73                         | 109.37  | 141.82 |
| Sales  | 436.11                         | 465.74  | 529.65 |
| Profit/(Loss) after Tax                            | 25.35                          | (39.27) | 14.27  |
| Earnings per Share (Basic) (Face Value of Rs.10)   | 3.11                           | (4.81)  | 1.75   |
| Earnings per Share (Diluted) (Face Value of Rs.10) | 3.11                           | (4.81)  | 1.75   |
| Net Asset Value                                    | 216.31                         | 190.95  | 223.40 |
| Net Asset Value per share                          | 26.52                          | 23.41   | 27.38  |

##### *Significant notes of auditors of PHSPL for the last three Financial Years*

- a) For Fiscal 2017-18, 2018-19 and 2019-20 - Trade receivables, trade payables and unsecured loans are subject to confirmation.

- b) PHSPL was generally irregular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. Below are few undisputed amounts payable in respect of the above were in arrears as at March 31 for a period of six months from the date on when they became payable, except:

| Nature of statute           | Nature of dues         | FY 2017-18    | FY 2018-19 |
|-----------------------------|------------------------|---------------|------------|
|                             |                        | Amount in (₹) |            |
| Income Tax Act              | Tax Deducted at Source | 8,592,634     | 7,971,721  |
| Employee Provident Fund Act | Provident Fund         | 1,490,768     | 1,332,141  |
| Employee State Insurance    | ESI Dues               | 561,255       | 1,950,823  |
| Professional Tax            | PT Dues                | 72,000        | 480,300    |
| Sales Tax Act               | Sales Tax              | -             | 148,296    |

- c) According to the records of PHSPL, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, goods and service tax, customs duty, excise duty, value added tax, cess and any other statutory dues to the extent applicable have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to its auditors, there were no outstanding statutory dues as on March 31, 2020 for a period of more than six months from the date they became payable, except:

| Name of the Statute         | Nature of Dues                            | Amount in millions (₹) | Period for which the amount relates | Due Date        | Date of Payment             |
|-----------------------------|---|------------------------|-------------------------------------|-----------------|-----------------------------|
| Professional Tax            | Professional tax recovered from employees | 15,750                 | April 2019                          | May 15, 2019    | January 9, 2020             |
| Professional Tax            | Professional tax recovered from employees | 16,950                 | May, 2019                           | June 15, 2019   | January 9, 2020             |
| Professional Tax            | Professional tax recovered from employees | 17,900                 | June, 2019                          | July 15, 2019   | January 9, 2020             |
| Professional Tax            | Professional tax recovered from employees | 19,650                 | July, 2019                          | August 15, 2019 | January 9, 2020             |
| Professional Tax of Company | Professional Tax of Company               | 7,500                  | 2014-15                             | June 30, 2014   | January 16, 2020            |
| Professional Tax of Company | Professional Tax of Company               | 7,500                  | 2015-16                             | June 30, 2015   | January 16, 2020            |
| Professional Tax of Company | Professional Tax of Company               | 7,500                  | 2016-17                             | June 30, 2016   | January 16, 2020            |
| Professional Tax of Company | Professional Tax of Company               | 7,500                  | 2017-18                             | June 30, 2017   | January 16, 2020            |
| Professional Tax of Company | Professional Tax of Company               | 7,500                  | 2018-19                             | June 30, 2018   | January 16, 2020            |
| Professional Tax of Company | Professional Tax of Company               | 7,500                  | 2019-20                             | June, 2019      | January 16, 2020            |
| ESI                         | ESI of Employees                          | 1,237,400              | Earlier periods                     | -               | Unpaid as on March 31, 2020 |
| Sales Tax                   | Sales tax                                 | 148,200                | Earlier periods                     | -               | Unpaid as on March 31, 2020 |
| TDS                         | TDS on contractors                        | 649,900                | Earlier periods                     | -               | Unpaid as on March 31, 2020 |
| TDS                         | TDS on interest                           | 5,783,700              | Earlier periods                     | -               | Unpaid as on March 31, 2020 |

## 2. Vijaya Hospitals Private Limited (“VHPL”)

### Corporate Information

VHPL was incorporated as a private limited company under Companies Act, 1956 on October 29, 1987. Its corporate identity number of is U85110TG1987PTC007902. Its registered office is situated at 3-6-20, Himayatnagar Hyderabad Telangana India.



### *Nature of Activities*

VHPL is engaged in the business of *inter alia*, designing, constructing and owning or otherwise acquiring and to carry on the business of setting up, managing, administering and running of diagnostic centres, hospitals or mobile medical units, medical services centres, clinics, nursing homes, intensive care units on ownership or franchise basis.

### *Shareholding*

The shareholding patterns of PHSPL is as follows:

| Name of the Shareholder | Number of shares held | Percentage of the total shareholding (%) |
|-------------------------|-----------------------|--|
| Dr. Surrendranath Reddy | 1,005                 | 99.60                                    |
| S Geetha Reddy          | 4                     | 0.40                                     |
| <b>Total</b>            | <b>1,009</b>          | <b>100</b>                               |

### *Financial Performance*

The financial information derived from the audited financial results of VHPL for the financial years ended 2020, 2019 and 2018 is set forth below:

| Particulars   | Financial Year ended March 31, |           |            |
|---|--------------------------------|-----------|------------|
|   | 2020                           | 2019      | 2018       |
| Equity Capital                                      | 0.10                           | 0.10      | 0.10       |
| Reserves (Excluding Revaluation Reserve)            | 28.68                          | 24.00     | 17.58      |
| Sales   | -                              | -         | -          |
| Profit/(Loss) after Tax                             | 4.68                           | 6.42      | (1.18)     |
| Earnings per Share (Basic) (Face Value of ₹.100)    | 4,643.24                       | 6,360.79  | (1,166.12) |
| Earnings per Share (Diluted) (Face Value of Rs.100) | 4,643.24                       | 6,360.79  | (1,166.12) |
| Net Asset Value                                     | 28.78                          | 24.10     | 17.68      |
| Net Asset Value per share (Face value of ₹100)      | 28,523.30                      | 23,885.03 | 17,522.30  |

(In ₹ million, except per share data)

### *Significant notes of auditors of VHPL for the last three Financial Years*

There are no significant notes by the auditors of VHPL in relation to the aforementioned financial statements for the specified three immediately preceding Financial Years.

### **Nature and extent of interest of our Group Companies**

#### **a. In the promotion of our Company**

Our Group Companies do not have any interest in the promotion of our Company.

#### **b. In the properties acquired by us in the preceding three years before filing this Red Herring Prospectus or proposed to be acquired by our Company**

Our Group Companies are not interested in the properties acquired by us in the three years preceding the filing of this Red Herring Prospectus or proposed to be acquired by us as on the date of this Red Herring Prospectus.

#### **c. In transactions for acquisition of land, construction of building and supply of machinery**

Our Group Companies are not interested in any transactions for the acquisition of land, construction of building or supply of machinery.

### **Defunct Group Companies**

Our Group Companies are not defunct and no applications have been made to the relevant registrar of companies for striking off their names during the five years preceding the date of filing of this Red Herring Prospectus with SEBI.

### **Group Companies which are a sick industrial company or are under winding up/ insolvency proceedings**

Our Group Companies do not fall under the definition of sick companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 and are not under any winding up or insolvency proceedings under applicable law.

#### **Common Pursuits between our Group Companies and our Company**

Our Group Companies are not in the same line of business as our Company and our Subsidiaries and there are no common pursuits between our Group Companies and our Company and our Subsidiaries.

#### **Related Business Transactions with the Group Companies and significance on the financial performance of our Company**

Other than the transactions disclosed in the section “*Financial Statements – Annexure VII – Note 45*” on page 207, there are no other related business transactions with our Group Companies.

#### **Business interest of our Group Companies in our Company**

Park Health Systems Private Limited has entered into an agreement dated September 1, 2020 to avail our Company’s laboratory services on exclusive basis, for a period of two years from the date of the agreement. During the term of the agreement, the tests will be conducted at special prices and discounts depending upon the type of client, as prescribed in the agreement. Park Health Systems Private Limited is required to meet our Company’s invoices within 15 days from the date of receipt of the invoice by it. Additionally, Vijaya Hospitals Private Limited along with certain others has also entered into a rent agreement dated June 1, 2015 pursuant to which the diagnostic centre in Himayathnagar has been leased to our Company for a period of 10 years and receives part of the total rent payable by our Company under the said agreement.

Except as disclosed in this section, our Group Companies have no business interest in our Company.

#### ***Details of losses incurred***

Except for PHSPL which incurred a loss of ₹39.27 million in fiscal 2019 and VHPL which incurred a loss of ₹1.18 million in fiscal 2018, our Group Companies have not incurred a loss.

#### **Litigation**

Our Group Companies are not party to any pending litigations which will have a material impact on our Company.

#### **Other confirmations**

None of our Group Companies are listed on any stock exchange.

None of our Group Companies have made any public or rights issue of securities in the preceding three years.

None of our Group Companies will receive any portion of the Offer Proceeds .

## DIVIDEND POLICY

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 other applicable law, including the Companies Act, provisions of the SEBI Listing Regulations and the dividend distribution policy adopted by our Board on May 26, 2021 (“**Dividend Policy**”). In terms of the Dividend Policy, the distribution of dividend depends on a number of factors, including but not limited to our Company’s results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable legal restrictions and other factors considered relevant by our Board. Our Board will take into account, *inter alia*, the following factors while distributing dividends, if any, to our Shareholders (i) profitable growth of our Company and specifically, profits earned during the financial year as compared with previous years, internal budgets, cash flow position of our Company, accumulated reserves and future cash requirements for organic growth/expansion and/or for in organic growth; and (ii) certain external factors such as business cycles and the economic environment.

Our Company has not declared any dividend on the Equity Shares for Fiscals 2019, 2020, 2021, during the three month period ended June 30, 2021, or subsequently, prior to the filing of this Red Herring Prospectus.

**SECTION V: FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors  
**Vijaya Diagnostic Centre Limited**  
3-6-16 & 17, Street# 19,  
Himayatnagar,  
Hyderabad – 500 029.

Dear Sirs,

- 1) We have examined, the attached Restated Consolidated Financial Information of Vijaya Diagnostic Centre Limited (formerly known as 'Vijaya Diagnostic Centre Private Limited') (the "Company" or the "Holding Company" or the "Issuer") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") comprising the Restated Consolidated Balance Sheet as at 30 June 2021, 30 June 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, the Restated Consolidated Cash Flows for the years ended 31 March 2021, 31 March 2020 and 31 March 2019, for the three months period ended 30 June 2021 and 30 June 2020 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 16 August 2021 for the purpose of inclusion in the Red Herring Prospectus ("RHP") and Prospectus 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 RHP and Prospectus 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 2 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 28 July 2021, in connection with the proposed IPO of equity shares of the Company;
  - b) The Guidance Note. The Guidance Note 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 three months period ended 30 June 2021 and 30 June 2020 : From the audited special purpose interim consolidated financial statements of the Group as at and for the three months period ended 30 June 2021 and 30 June 2020 (being the comparative period of the financials for the three months period ended 30 June 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 “special purpose interim consolidated financial statements”), which have been approved by the Board of Directors at their Board meetings held on 16 August 2021;
  - b) As at and for the year ended 31 March 2021, 31 March 2020 and 31 March 2019: From 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 27 May 2021, 16 July 2020 and 17 June 2019 respectively.
- 5) For the purpose of our examination, we have relied on Auditors’ reports issued by us dated 16 August 2021, 27 May 2021, 16 July 2020 and 17 June 2019 on the consolidated financial statements of the Group as at and for the three months period ended 30 June 2021 and 30 June 2020 (being the comparative period of the financials for the three months period ended 30 June 2021) and as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 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 five subsidiaries (including step down subsidiaries) for the three months period ended June 30, 2021 and June 30, 2020 and for the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019 as listed in Annexure A(ii) whose share of total assets, total revenues, 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 three months period ended |              | As at / for the year ended |               |               |
|------------------------------------|---|--------------|----------------------------|---------------|---------------|
|                                    | 30 June 2021                              | 30 June 2020 | 31 March 2021              | 31 March 2020 | 31 March 2019 |
| <i>In respect of subsidiaries:</i> |   |              |                            |               |               |
| Total assets                       | 126.54                                    | 130.20       | 127.45                     | 128.22        | 132.32        |
| Total revenues                     | 45.42                                     | 15.42        | 121.36                     | 105.79        | 141.52        |
| Net cash inflow/ (outflow)         | (0.11)                                    | 3.18         | (2.90)                     | (1.78)        | 1.59          |

These financial statements have been audited by other auditors as mentioned in Annexure A(ii) 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.

- 7) The other auditors (SCV & Associates, Ratnam Dhaveji & Co and M. Anandam & Co.), of two step-subsiidiaries (Namrata Diagnostic Centre Private Limited and Medinova Millennium MRI Services LLP), respectively and auditors (M. Bhaskara Rao & Co., Ratnam Dhaveji & Co, M. Anandam & Co. and SCV & Associates) of three subsidiaries (VDC Diagnostics (Karnataka) LLP, Medinova Diagnostic Services Limited and Doctors Lab Medical Services Private Ltd.) respectively, as mentioned in Annexure A(ii), have examined the restated financial information and have confirmed that the restated 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, 31 March 2020 and 31 March 2019 and for the period beginning 1 April 2020 to 30 June 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the three months period ended 30 June 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) Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the other auditors for the respective periods / years, 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, 31 March 2020 and 31 March 2019 and for the period beginning 1 April 2020 to 30 June 2020 to reflect the same accounting treatment as per the accounting policies and grouping/ classifications followed as at and for the three months period ended 30 June 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.
- 9) The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Special Purpose Interim Consolidated Financial Statements and audited consolidated financial statements mentioned in paragraph 4 above.
- 10) 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, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 11) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 12) Our report is intended solely for use of the Board of Directors for inclusion in the RHP and Prospectus 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's Registration No: 116231W/ W-100024

**Sriram Mahalingam**

Partner

Membership No: 049642

ICAI UDIN: 21049642AAAAEE1140

Place: Hyderabad

Date: 16 August 2021



## Annexure A

**(i) List of Subsidiaries of Vijaya Diagnostic Centre Limited (formerly known as ‘Vijaya Diagnostic Centre Private Limited’)**

| Name of Entity                            | Nature of relation |
|---|--------------------|
| Medinova Diagnostic Services Limited      | Subsidiary         |
| Doctors Lab Medical Services Private Ltd. | Subsidiary         |
| VDC Diagnostics (Karnataka) LLP           | Subsidiary         |
| Namrata Diagnostic Centre Private Limited | Step subsidiary    |
| Medinova Millennium MRI Services LLP      | Step subsidiary    |

**(ii) Details of entities for the years not audited by us and name of the other auditor for the respective year for which restated financial information examined by other auditors.**

| Particulars                               | Nature of Relation | Period / Year ended   | Name of the auditor   |
|---|--------------------|---|---|
| Medinova Diagnostic Services Limited      | Subsidiary         | 30 June 2021<br>30 June 2020<br>31 March 2021<br>31 March 2020<br>31 March 2019 | M. Anandam & Co.<br>M. Anandam & Co.<br>Ratnam Dhaveji & Co<br>Ratnam Dhaveji & Co<br>Ratnam Dhaveji & Co |
| Medinova Millennium MRI Services LLP      | Step subsidiary    | 30 June 2021<br>30 June 2020<br>31 March 2021<br>31 March 2020<br>31 March 2019 | M. Anandam & Co.<br>M. Anandam & Co.<br>Ratnam Dhaveji & Co<br>Ratnam Dhaveji & Co<br>Ratnam Dhaveji & Co |
| Doctors Lab Medical Services Private Ltd. | Subsidiary         | 30 June 2021<br>30 June 2020<br>31 March 2021<br>31 March 2020<br>31 March 2019 | SCV & Associates  |
| VDC Diagnostics (Karnataka) LLP           | Subsidiary         | 30 June 2021<br>30 June 2020<br>31 March 2021<br>31 March 2020<br>31 March 2019 | M. Bhaskara Rao & Co.   |
| Namrata Diagnostic Centre Private Limited | Step subsidiary    | 30 June 2021<br>30 June 2020<br>31 March 2021<br>31 March 2020<br>31 March 2019 | SCV & Associates  |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**

**Annexure I**

**Restated Consolidated Balance Sheet**

(All amounts are in Rs in millions, except share data or otherwise stated)

| Particulars   | Note No.<br>Annexure VII | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|--------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>ASSETS</b>   |                          |                        |                        |                         |                         |                         |
| <b>NON-CURRENT ASSETS</b>                                 |                          |                        |                        |                         |                         |                         |
| (a) Property, plant and equipment                         | 4                        | 1,341.97               | 1,395.22               | 1,357.64                | 1,398.47                | 1,437.29                |
| (b) Capital work-in-progress                              | 4                        | 60.71                  | 153.49                 | 81.82                   | 92.61                   | 27.09                   |
| (c) Goodwill  | 5                        | 53.37                  | 53.37                  | 53.37                   | 53.37                   | 68.79                   |
| (d) Other intangible assets                               | 5                        | 14.98                  | 9.26                   | 6.01                    | 10.36                   | 7.46                    |
| (e) Right of use asset                                    | 6                        | 1,452.58               | 1,277.17               | 1,260.01                | 1,253.77                | 1,078.81                |
| (f) Intangible assets under development                   | 5                        | 3.51                   | 3.65                   | 12.36                   | 3.65                    | -                       |
| (g) Financial assets                                      |                          |                        |                        |                         |                         |                         |
| (i) Investments   | 7                        | 0.40                   | 0.40                   | 0.40                    | 0.40                    | 0.40                    |
| (ii) Other financial assets                               | 8                        | 185.13                 | 52.30                  | 122.22                  | 54.85                   | 43.18                   |
| (h) Deferred tax assets, (net)                            | 22                       | 69.55                  | 51.65                  | 60.97                   | 15.81                   | 11.78                   |
| (i) Income tax assets (net)                               | 36                       | 3.70                   | 8.81                   | 5.70                    | 9.13                    | 8.41                    |
| (j) Other assets  | 9                        | 77.91                  | 34.98                  | 61.09                   | 66.62                   | 6.50                    |
|   |                          | <b>3,263.81</b>        | <b>3,040.30</b>        | <b>3,021.59</b>         | <b>2,959.04</b>         | <b>2,689.71</b>         |
| <b>CURRENT ASSETS</b>                                     |                          |                        |                        |                         |                         |                         |
| (a) Inventories   | 10                       | 62.95                  | 35.31                  | 26.44                   | 27.73                   | 21.78                   |
| (b) Financial assets                                      |                          |                        |                        |                         |                         |                         |
| (i) Investments   | 11                       | 279.57                 | 12.75                  | 276.27                  | 546.74                  | 688.37                  |
| (ii) Trade receivables                                    | 12                       | 55.52                  | 72.27                  | 64.08                   | 79.97                   | 91.25                   |
| (iii) Cash and cash equivalents                           | 13                       | 101.58                 | 306.26                 | 66.86                   | 555.69                  | 96.21                   |
| (iv) Bank balances other than Cash and cash equivalents   | 14                       | 2,147.90               | 1,371.42               | 1,875.55                | 626.23                  | 430.12                  |
| (v) Other financial assets                                | 15                       | 93.30                  | 23.67                  | 51.89                   | 5.42                    | 29.72                   |
| (c) Other current assets                                  | 16                       | 41.15                  | 39.85                  | 26.72                   | 21.74                   | 17.14                   |
|   |                          | <b>2,781.97</b>        | <b>1,861.53</b>        | <b>2,387.81</b>         | <b>1,863.52</b>         | <b>1,374.59</b>         |
| <b>TOTAL ASSETS</b>                                       |                          | <b>6,045.78</b>        | <b>4,901.83</b>        | <b>5,409.40</b>         | <b>4,822.56</b>         | <b>4,064.30</b>         |
| <b>EQUITY AND LIABILITIES</b>                             |                          |                        |                        |                         |                         |                         |
| <b>EQUITY</b>   |                          |                        |                        |                         |                         |                         |
| (a) Equity share capital                                  | 17                       | 101.97                 | 45.32                  | 45.32                   | 45.32                   | 45.29                   |
| (b) Instruments entirely equity in nature                 | 18a                      | -                      | -                      | -                       | -                       | 24.13                   |
| (c) Other equity  | 18b                      | 3,821.29               | 2,718.93               | 3,544.74                | 2,700.11                | 2,004.40                |
| <b>Equity attributable to owners of the Company</b>       |                          | <b>3,923.26</b>        | <b>2,764.25</b>        | <b>3,590.06</b>         | <b>2,745.43</b>         | <b>2,073.82</b>         |
| (d) Non-controlling interest                              |                          | 5.82                   | (5.97)                 | 2.26                    | (4.04)                  | (3.72)                  |
|   |                          | <b>3,929.08</b>        | <b>2,758.28</b>        | <b>3,592.32</b>         | <b>2,741.39</b>         | <b>2,070.10</b>         |
| <b>LIABILITIES</b>  |                          |                        |                        |                         |                         |                         |
| <b>NON-CURRENT LIABILITIES</b>                            |                          |                        |                        |                         |                         |                         |
| (a) Financial liabilities                                 |                          |                        |                        |                         |                         |                         |
| (i) Borrowings  | 19                       | -                      | 197.41                 | 32.75                   | 221.33                  | 315.35                  |
| (ii) Lease liabilities                                    | 6                        | 1,463.36               | 1,248.64               | 1,264.72                | 1,196.10                | 1,034.16                |
| (iii) Other financial liabilities                         | 20                       | 0.73                   | 6.80                   | 2.18                    | 8.75                    | 18.73                   |
| (b) Provisions  | 21                       | 80.66                  | 76.79                  | 77.02                   | 67.41                   | 53.19                   |
| (c) Other liabilities                                     | 23                       | 0.82                   | 0.91                   | 0.53                    | 1.18                    | 1.37                    |
|   |                          | <b>1,545.57</b>        | <b>1,530.55</b>        | <b>1,377.20</b>         | <b>1,494.77</b>         | <b>1,422.80</b>         |
| <b>CURRENT LIABILITIES</b>                                |                          |                        |                        |                         |                         |                         |
| (a) Financial liabilities                                 |                          |                        |                        |                         |                         |                         |
| (i) Borrowings  | 24                       | 11.92                  | 109.15                 | 11.97                   | 107.07                  | 108.91                  |
| (ii) Lease liabilities                                    | 6                        | 108.23                 | 90.52                  | 101.03                  | 87.77                   | 72.64                   |
| (iii) Trade payables                                      | 25                       |                        |                        |                         |                         |                         |
| - Due to micro and small enterprises                      |                          | 1.01                   | 0.07                   | 2.68                    | 0.33                    | -                       |
| - Due to creditors other than micro and small enterprises |                          | 258.24                 | 201.73                 | 218.88                  | 216.60                  | 217.54                  |
| (iv) Other financial liabilities                          | 26                       | 82.97                  | 182.63                 | 61.27                   | 129.69                  | 114.96                  |
| (b) Income tax liabilities                                | 36                       | 78.54                  | 5.88                   | 16.24                   | 14.47                   | 15.99                   |
| (c) Provisions  | 27                       | 8.88                   | 10.57                  | 7.36                    | 10.37                   | 10.80                   |
| (d) Other liabilities                                     | 28                       | 21.34                  | 12.45                  | 20.45                   | 20.10                   | 30.56                   |
|   |                          | <b>571.13</b>          | <b>613.00</b>          | <b>439.88</b>           | <b>586.40</b>           | <b>571.40</b>           |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       |                          | <b>6,045.78</b>        | <b>4,901.83</b>        | <b>5,409.40</b>         | <b>4,822.56</b>         | <b>4,064.30</b>         |
| <b>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>         | 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

**Vijaya Diagnostic Centre Limited**

(formerly known as 'Vijaya Diagnostic Centre Private Limited')

CIN: U85195TG2002PLC039075

**Sriram Mahalingam**

Partner

Membership Number: 049642

**Dr. S Surendranath Reddy**

Executive Chairman

DIN Number: 00108599

**S Suprita Reddy**

Chief Executive Officer

**K. Sunil Chandra**

Executive Director

DIN Number: 01409332

**Narasimha Raju K.A**

Chief Financial Officer

**V. Sri Lakshmi**

Company Secretary

Membership Number: F9950

Place: Hyderabad

Date: August 16, 2021

Place: Hyderabad

Date: August 16, 2021

| Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)  |                             |   |   |   |   |   |
|---|-----------------------------|---|---|---|---|---|
| Annexure II   |                             |   |   |   |   |   |
| Restated Consolidated Statement of Profit and Loss  |                             |   |   |   |   |   |
| (All amounts are in Rs in millions, except share data or otherwise stated)  |                             |   |   |   |   |   |
| Particulars   | Note No.<br>Annexure<br>VII | For 3 months<br>period ended<br>June 30, 2021   | For 3 months<br>period ended<br>June 30, 2020 | For the year<br>ended<br>March 31, 2021       | For the year<br>ended<br>March 31, 2020 | For the year<br>ended<br>March 31, 2019 |
| INCOME  |                             |   |   |   |   |   |
| Revenue from operations   | 29                          | 1,226.86  | 517.10  | 3,767.46                                      | 3,388.21                                | 2,925.87                                |
| Other income  | 30                          | 32.84   | 22.82   | 118.47  | 153.61                                  | 103.57                                  |
| Total Income  |                             | 1,259.70  | 539.92  | 3,885.93                                      | 3,541.82                                | 3,029.44                                |
| EXPENSES  |                             |   |   |   |   |   |
| Cost of materials consumed  | 31                          | 210.84  | 75.54   | 570.95  | 439.06                                  | 404.78                                  |
| Employee benefits expense   | 32                          | 161.47  | 128.52  | 574.35  | 624.01                                  | 538.80                                  |
| Finance costs   | 33                          | 40.03   | 38.40   | 152.47  | 153.85                                  | 135.33                                  |
| Depreciation and amortisation expense   | 34                          | 119.21  | 116.35  | 504.53  | 491.70                                  | 396.26                                  |
| Other expenses  | 35                          | 286.00  | 174.63  | 962.39  | 998.93                                  | 901.09                                  |
| Total expenses  |                             | 817.55  | 533.44  | 2,764.69                                      | 2,707.55                                | 2,376.26                                |
| Profit/(loss) before tax  |                             | 442.15  | 6.48  | 1,121.24                                      | 834.27                                  | 653.18                                  |
| Tax expenses:   | 36                          |   |   |   |   |   |
| Current tax   |                             | 117.41  | 23.60   | 317.41  | 230.64                                  | 196.66                                  |
| Deferred tax  |                             | (8.51)  | (35.22)                                       | (45.28)                                       | (21.44)                                 | (6.20)                                  |
| Total tax expense   |                             | 108.90  | -11.62  | 272.13  | 209.20                                  | 190.46                                  |
| Profit for the period/year  |                             | 333.25  | 18.10   | 849.11  | 625.07                                  | 462.72                                  |
| Other comprehensive income/(loss) (OCI)   |                             |   |   |   |   |   |
| I. Items that will not be reclassified to profit or loss  |                             |   |   |   |   |   |
| i. Re-measurement gains/ (losses) of post-employment defined benefit plans  |                             | (0.28)  | (2.61)  | (0.02)  | (1.75)                                  | (2.19)                                  |
| ii. Income tax related to above   |                             | 0.06  | 0.62  | (0.12)  | 0.44                                    | 0.57                                    |
| Other comprehensive income/(loss) (OCI) for the period/year, net of tax   |                             | (0.22)  | (1.99)  | (0.14)  | (1.31)                                  | (1.62)                                  |
| Total comprehensive income for the period/year  |                             | 333.03  | 16.11   | 848.97  | 623.76                                  | 461.10                                  |
| Profit for the period/year attributable to:   |                             |   |   |   |   |   |
| Owners of the Company   |                             | 329.69  | 19.13   | 842.63  | 625.38                                  | 458.74                                  |
| Non controlling interests   |                             | 3.56  | (1.03)  | 6.48  | (0.31)                                  | 3.98                                    |
| Other comprehensive income / (loss) attributable to:  |                             |   |   |   |   |   |
| Owners of the Company   |                             | -0.22   | (1.09)  | 0.04  | (1.30)                                  | (1.56)                                  |
| Non controlling interests   |                             | -0.00   | (0.90)  | (0.18)  | (0.01)                                  | (0.06)                                  |
| Total comprehensive income / (loss) attributable to:  |                             |   |   |   |   |   |
| Owners of the Company   |                             | 329.47  | 18.04   | 842.67  | 624.08                                  | 457.18                                  |
| Non controlling interests   |                             | 3.56  | (1.93)  | 6.30  | (0.32)                                  | 3.92                                    |
| Earnings per equity share (Face value of Rs 1 each)-(Non annualized for the period ended June 30, 2021 and June 30,2020)  | 37                          |   |   |   |   |   |
| 1. Basic (Rs)   |                             | 3.23  | 0.19  | 8.26  | 6.13                                    | 4.50                                    |
| 2. Diluted (Rs)   |                             | 3.23  | 0.19  | 8.26  | 6.13                                    | 4.50                                    |
| Summary of significant accounting policies  |                             |   |   |   |   |   |
| 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<br>Chartered Accountants<br>ICAI Firm registration number: 116231W/ W-100024   |                             | For and on behalf of the Board of Directors<br>Vijaya Diagnostic Centre Limited<br>(formerly known as 'Vijaya Diagnostic Centre Private Limited')<br>CIN: U85195TG2002PLC039075 |   |   |   |   |
| Sriram Mahalingam<br>Partner<br>Membership Number: 049642   |                             | Dr. S Surendranath Reddy<br>Executive Chairman<br>DIN Number: 00108599  |   | S Suprita Reddy<br>Chief Executive Officer    |   |   |
|   |                             | K. Sunil Chandra<br>Executive Director<br>DIN Number: 01409332  |   | Narasimha Raju K.A<br>Chief Financial Officer |   |   |
|   |                             | V. Sri Lakshmi<br>Company Secretary<br>Membership Number: F9950   |   |   |   |   |
| Place: Hyderabad<br>Date: August 16, 2021   |                             | Place: Hyderabad<br>Date: August 16, 2021   |   |   |   |   |

## Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)

## Annexure III

## Restated Consolidated Statement of Cash Flows

(All amounts are in Rs in millions, except share data or otherwise stated)

| Particulars   | For 3 months<br>period ended<br>June 30, 2021 | For 3 months<br>period ended<br>June 30, 2020 | For the year<br>ended<br>March 31, 2021 | For the year<br>ended<br>March 31, 2020 | For the year<br>ended<br>March 31, 2019 |
|---|---|---|---|---|---|
| <b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>  |   |   |   |   |   |
| Profit before tax:  | 442.15  | 6.48  | 1,121.24                                | 834.27                                  | 653.18                                  |
| <b>Adjustments for:</b>   |   |   |   |   |   |
| Depreciation and Amortisation Expense   | 119.21  | 116.35  | 504.53                                  | 491.70                                  | 396.26                                  |
| Net gain on sale/ retirement of property, plant and equipment   | (0.51)  | (0.11)  | (1.56)                                  | (14.91)                                 | (3.68)                                  |
| Profit on slump sale of diagnostic centre (Refer note 48)   | -   | -   | -                                       | (18.22)                                 | -                                       |
| Interest income   | (28.47)                                       | (20.77)                                       | (95.96)                                 | (42.63)                                 | (28.65)                                 |
| Profit on sale of investment in mutual fund   | -   | (1.85)  | (1.57)                                  | (49.02)                                 | (9.06)                                  |
| Provision made / (reversed) for bad and doubtful receivables  | -   | 1.37  | 3.39                                    | 4.61                                    | 12.07                                   |
| Fair value movement on on financial instruments   | (3.30)  | -   | (3.29)                                  | (16.81)                                 | (43.65)                                 |
| Liabilities written back  | -   | -   | (15.44)                                 | (7.35)                                  | (17.36)                                 |
| Employee stock option expense   | 3.73  | 0.78  | 1.96                                    | 4.10                                    | 2.22                                    |
| Finance cost  | 1.88  | 8.49  | 20.96                                   | 40.02                                   | 37.81                                   |
| Bad and doubtful debts written-off  | -   | -   | 3.32                                    | 0.57                                    | 0.39                                    |
| Advances Written Off  | -   | -   | 2.59                                    | 0.86                                    | -                                       |
| Interest expense on lease liabilities   | 33.61   | 28.01   | 114.13                                  | 99.25                                   | 84.69                                   |
| <b>Operating profit before working capital adjustments</b>  | <b>568.30</b>                                 | <b>138.75</b>                                 | <b>1,654.30</b>                         | <b>1,326.44</b>                         | <b>1,084.22</b>                         |
| <b>Adjustments for working capital :</b>  |   |   |   |   |   |
| (Increase)/Decrease in Inventories  | (36.51)                                       | (7.58)  | 1.29                                    | (5.95)                                  | 2.43                                    |
| (Increase)/Decrease in trade and other receivables  | 8.55  | 6.32  | 9.19                                    | 7.03                                    | (26.54)                                 |
| (Increase)/Decrease in other financial assets and loans   | 28.55   | (0.46)  | (19.69)                                 | (2.04)                                  | (9.48)                                  |
| (Increase) in other assets  | (73.52)                                       | (14.07)                                       | (8.40)                                  | (40.22)                                 | (22.42)                                 |
| Increase/ (decrease) in trade payables  | 37.64   | (14.95)                                       | 4.67                                    | (0.62)                                  | 41.80                                   |
| Increase/ (decrease) in other financial liabilities   | 39.80   | (5.29)  | (30.14)                                 | 11.90                                   | 28.22                                   |
| (Decrease) in provision and other liabilities   | (10.25)                                       | (3.84)  | (2.58)                                  | (2.55)                                  | (6.04)                                  |
|   | <b>562.56</b>                                 | <b>98.88</b>                                  | <b>1,608.64</b>                         | <b>1,293.99</b>                         | <b>1,092.19</b>                         |
| Income tax paid   | (53.11)                                       | (31.87)                                       | (312.21)                                | (232.87)                                | (186.92)                                |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>  | <b>509.45</b>                                 | <b>67.01</b>                                  | <b>1,296.43</b>                         | <b>1,061.12</b>                         | <b>905.27</b>                           |
| <b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>  |   |   |   |   |   |
| Payment for purchase and construction of property, plant and equipment including movement in capital work-in-progress, capital advances and capital creditors | (82.56)                                       | (48.70)                                       | (321.36)                                | (475.47)                                | (610.39)                                |
| Proceeds from disposal of Property, plant and equipment   | 1.81  | 0.11  | 9.03                                    | 100.60                                  | 19.13                                   |
| Investment/redemption of debt oriented liquid mutual funds, (net)   | -   | 535.73  | 275.31                                  | 207.46                                  | 95.83                                   |
| Deposits placed/ (matured) having original maturity of more than 3 months, net  | (331.95)                                      | (745.11)                                      | (1,308.05)                              | (196.15)                                | (409.42)                                |
| Dividend Received   | -   | -   | -                                       | -                                       | 1.21                                    |
| Interest received   | 43.57   | 5.44  | 47.50                                   | 57.34                                   | 5.18                                    |
| <b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>   | <b>(369.13)</b>                               | <b>(252.53)</b>                               | <b>(1,297.57)</b>                       | <b>(306.22)</b>                         | <b>(898.46)</b>                         |
| <b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>  |   |   |   |   |   |
| Repayment of long term borrowings   | (32.75)                                       | (22.57)                                       | (282.60)                                | (89.38)                                 | (94.67)                                 |
| Proceeds from long term borrowings  | -   | -   | -                                       | -                                       | 168.77                                  |
| (Repayment) / proceeds from short term borrowing (Net)  | (0.05)  | 0.72  | (1.08)                                  | (6.49)                                  | 19.13                                   |
| Repayment of lease liabilities (including interest)   | (57.62)                                       | (35.70)                                       | (189.65)                                | (167.51)                                | (136.02)                                |
| Interest paid   | (15.18)                                       | (6.36)  | (14.36)                                 | (32.04)                                 | (28.98)                                 |
| <b>NET CASH FLOW FROM/(USED) IN FINANCING ACTIVITIES</b>  | <b>(105.60)</b>                               | <b>(63.91)</b>                                | <b>(487.69)</b>                         | <b>(295.42)</b>                         | <b>(71.77)</b>                          |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>   | <b>34.72</b>                                  | <b>(249.43)</b>                               | <b>(488.83)</b>                         | <b>459.48</b>                           | <b>(64.96)</b>                          |
| Cash and cash equivalents at the beginning of the period/year   | 66.86   | 555.69  | 555.69                                  | 96.21                                   | 161.17                                  |
| <b>Cash and cash equivalents at the end of the period/ year</b>   | <b>101.58</b>                                 | <b>306.26</b>                                 | <b>66.86</b>                            | <b>555.69</b>                           | <b>96.21</b>                            |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**

**Annexure III**

**Restated Consolidated Statement of Cash Flows**

(All amounts are in Rs in millions, except share data or otherwise stated)

| Particulars   | For 3 months<br>period ended<br>June 30, 2021 | For 3 months<br>period ended<br>June 30, 2020 | For the year<br>ended<br>March 31, 2021 | For the year<br>ended<br>March 31, 2020 | For the year<br>ended<br>March 31, 2019 |
|---|---|---|---|---|---|
| <b>Reconciliation of Cash and Cash equivalents with the Balance Sheet</b> |   |   |   |   |   |
| Cash and Bank Balances as per Balance Sheet                               |   |   |   |   |   |
| Balance with banks  |   |   |   |   |   |
| - On current accounts   | 59.19   | 230.52  | 58.67                                   | 552.96                                  | 87.96                                   |
| - in deposit accounts having maturity less than 3 months                  | 36.25   | 68.15   | -                                       | -                                       | -                                       |
| Cash on hand  | 6.14  | 7.59  | 8.19                                    | 2.73                                    | 8.25                                    |
| <b>Cash and cash equivalents at the end of the period/ year</b>           | <b>101.58</b>                                 | <b>306.26</b>                                 | <b>66.86</b>                            | <b>555.69</b>                           | <b>96.21</b>                            |
| <b>Movement in financial liabilities:</b>                                 |   |   |   |   |   |
| <b>Opening balance</b>  |   |   |   |   |   |
| Non-current borrowings  | 32.75   | 221.33  | 221.33                                  | 315.35                                  | 330.62                                  |
| Current borrowings  | 11.97   | 107.07  | 107.07                                  | 108.91                                  | 0.41                                    |
| Lease liabilities (Refer Annexure VI - Part B)                            | 1,365.75                                      | 1,283.87                                      | 1,283.87                                | 1,101.11                                | -                                       |
| Interest accrued but not due on borrowings                                | 14.57   | 13.25   | 13.25                                   | 11.23                                   | 8.42                                    |
| <b>Movement</b>   |   |   |   |   |   |
| Cash flows  | (105.60)                                      | (63.91)                                       | (487.69)                                | (295.42)                                | (71.77)                                 |
| Interest expense  | 34.22   | 35.12   | 129.80                                  | 133.32                                  | 116.48                                  |
| Other non-cash movements  |   |   |   |   |   |
| - Additions / Disposals to lease liabilities (net)                        | 229.85  | 62.98   | 157.41                                  | 251.02                                  | 1,158.13                                |
| <b>Closing balance</b>  |   |   |   |   |   |
| Non-current borrowings  | -   | 197.41  | 32.75                                   | 221.33                                  | 315.35                                  |
| Current borrowings  | 11.92   | 109.15  | 11.97                                   | 107.07                                  | 108.91                                  |
| Lease liabilities (Refer Annexure VI - Part B)                            | 1,571.59                                      | 1,339.16                                      | 1,365.75                                | 1,283.87                                | 1,106.80                                |
| Interest accrued but not due on borrowings                                | -   | 13.99   | 14.57                                   | 13.25                                   | 11.23                                   |

**Notes :**

i) 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".

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

**Vijaya Diagnostic Centre Limited**

(formerly known as 'Vijaya Diagnostic Centre Private Limited')

CIN: U85195TG2002PLC039075

**Sriram Mahalingam**

Partner

Membership Number: 049642

**Dr. S Surendranath Reddy**

Executive Chairman

DIN Number: 00108599

**S Suprita Reddy**

Chief Executive Officer

**K. Sunil Chandra**

Executive Director

DIN Number: 01409332

**Narasimha Raju K.A**

Chief Financial Officer

**V. Sri Lakshmi**

Company Secretary

Membership Number: F9950

Place: Hyderabad

Date: August 16, 2021

Place: Hyderabad

Date: August 16, 2021

| Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)                    |                  |                 |   |                                    |   |                   |   |   |                  |        |
|---|------------------|-----------------|---|------------------------------------|---|-------------------|---|---|------------------|--------|
| Annexure IV   |                  |                 |   |                                    |   |                   |   |   |                  |        |
| Restated Consolidated Statement of Changes in Equity  |                  |                 |   |                                    |   |                   |   |   |                  |        |
| (All amounts are in Rs in millions, except share data or otherwise stated)                              |                  |                 |   |                                    |   |                   |   |   |                  |        |
| Equity Share Capital:   |                  |                 |   |                                    |   |                   |   |   |                  |        |
|   | June 30, 2021    |                 | June 30, 2020   |                                    | March 31, 2021                                |                   | March 31, 2020  |   | March 31, 2019   |        |
|   | Number of shares | Amount          | Number of shares  | Amount                             | Number of shares                              | Amount            | Number of shares  | Amount  | Number of shares | Amount |
| Balance at the beginning of the reporting period/year   | 4,53,18,190      | 45.32           | 45,31,819   | 45.32                              | 45,31,819                                     | 45.32             | 45,28,813   | 45.29   | 45,28,813        | 45.29  |
| Increase in shares on account of subdivision (refer note 17(vi))  | -                | -               | -   | -                                  | 4,07,86,371                                   | -                 | -   | -   | -                | -      |
| Shares issued during the year on account of bonus   | 5,66,47,736      | 56.65           | -   | -                                  | -   | -                 | -   | -   | -                | -      |
| Conversion of Series A Cumulative Compulsorily Convertible Preference Shares (CCPS) (Refer note 18a)*   | -                | -               | -   | -                                  | -   | -                 | 1   | 0.00  | -                | -      |
| Conversion of Series B Cumulative Compulsorily Convertible Preference Shares (CCPS) (Refer note 18a)    | -                | -               | -   | -                                  | -   | -                 | 3,005   | 0.03  | -                | -      |
| Shares outstanding at the end of the period/year  | 10,19,65,926     | 101.97          | 45,31,819   | 45.32                              | 4,53,18,190                                   | 45.32             | 45,31,819   | 45.32   | 45,28,813        | 45.29  |
| * The amounts are below million hence the same are not appearing  |                  |                 |   |                                    |   |                   |   |   |                  |        |
| Other equity  |                  |                 |   |                                    |   |                   |   |   |                  |        |
| Particulars   | CCPS (Series A)  | CCPS (Series B) | Reserves and surplus  |                                    |   |                   | Total attributable to owners of the Company                     | Total attributable to Non- controlling interest | Total            |        |
|   |                  |                 | Securities premium  | Employee stock options outstanding | General reserve                               | Retained earnings |   |   |                  |        |
| Balance at April 1, 2018  | 14.13            | 10.00           | 491.57  | -                                  | 49.32   | 1,004.11          | 1,545.00  | (7.64)  | 1,537.36         |        |
| Profit/(loss) for the year  | -                | -               | -   | -                                  | -   | 458.74            | 458.74  | 3.98  | 462.72           |        |
| Remeasurement of defined benefit obligation, net of tax   | -                | -               | -   | -                                  | -   | (1.56)            | (1.56)  | (0.06)  | (1.62)           |        |
| Total comprehensive income  | -                | -               | -   | -                                  | -   | 457.18            | 457.18  | 3.92  | 461.10           |        |
| Share based payment (Refer Note 44)   | -                | -               | -   | 2.22                               | -   | -                 | 2.22  | -   | 2.22             |        |
| Balance at March 31, 2019   | 14.13            | 10.00           | 491.57  | 2.22                               | 49.32   | 1,461.29          | 2,004.40  | (3.72)  | 2,000.68         |        |
| Ind AS 116 transition adjustment (Refer Annexure VI)  | -                | -               | -   | -                                  | -   | 43.43             | 43.43   | -   | 43.43            |        |
| Restated balance at April 1, 2019   | 14.13            | 10.00           | 491.57  | 2.22                               | 49.32   | 1,504.72          | 2,047.83  | (3.72)  | 2,044.11         |        |
| Profit/(loss) for the year  | -                | -               | -   | -                                  | -   | 625.38            | 625.38  | (0.31)  | 625.07           |        |
| Remeasurement of defined benefit obligation, net of tax   | -                | -               | -   | -                                  | -   | (1.30)            | (1.30)  | (0.01)  | (1.31)           |        |
| Total comprehensive income  | -                | -               | -   | -                                  | -   | 624.08            | 624.08  | (0.32)  | 623.76           |        |
| Conversion of CCPS into equity share capital  | (14.13)          | (10.00)         | 24.10   | -                                  | -   | -                 | 24.10   | -   | 24.10            |        |
| Share based payment (Refer Note 44)   | -                | -               | -   | 4.10                               | -   | -                 | 4.10  | -   | 4.10             |        |
| Balance at March 31, 2020   | -                | -               | 515.67  | 6.32                               | 49.32   | 2,128.80          | 2,700.11  | (4.04)  | 2,696.07         |        |
| Profit/(loss) for the period  | -                | -               | -   | -                                  | -   | 19.13             | 19.13   | (1.03)  | 18.10            |        |
| Remeasurement of defined benefit obligation, net of tax   | -                | -               | -   | -                                  | -   | (1.09)            | (1.09)  | (0.90)  | (1.99)           |        |
| Total comprehensive income  | -                | -               | -   | -                                  | -   | 18.04             | 18.04   | (1.93)  | 16.11            |        |
| Share based payment (Refer Note 44)   | -                | -               | -   | 0.78                               | -   | -                 | 0.78  | -   | 0.78             |        |
| Balance at June 30, 2020  | -                | -               | 515.67  | 7.10                               | 49.32   | 2,146.84          | 2,718.93  | (5.97)  | 2,712.96         |        |
| Balance at April 01, 2020   | -                | -               | 515.67  | 6.32                               | 49.32   | 2,128.80          | 2,700.11  | (4.04)  | 2,696.07         |        |
| Profit/(loss) for the year  | -                | -               | -   | -                                  | -   | 842.63            | 842.63  | 6.48  | 849.11           |        |
| Remeasurement of defined benefit obligation, net of tax   | -                | -               | -   | -                                  | -   | 0.04              | 0.04  | (0.18)  | (0.14)           |        |
| Total comprehensive income  | -                | -               | -   | -                                  | -   | 842.67            | 842.67  | 6.30  | 848.97           |        |
| Share based payment (Refer Note 44)   | -                | -               | -   | 1.96                               | -   | -                 | 1.96  | -   | 1.96             |        |
| Balance at March 31, 2021   | -                | -               | 515.67  | 8.28                               | 49.32   | 2,971.47          | 3,544.74  | 2.26  | 3,547.00         |        |
| Profit/(loss) for the period  | -                | -               | -   | -                                  | -   | 329.69            | 329.69  | 3.56  | 333.26           |        |
| Remeasurement of defined benefit obligation, net of tax   | -                | -               | -   | -                                  | -   | (0.22)            | (0.22)  | (0.00)  | (0.22)           |        |
| Total comprehensive income  | -                | -               | -   | -                                  | -   | 329.47            | 329.47  | 3.56  | 333.04           |        |
| Bonus issue of shares   | -                | -               | (56.65)   | -                                  | -   | -                 | (56.65)   | -   | (56.65)          |        |
| Share based payment (Refer Note 44)   | -                | -               | -   | 3.73                               | -   | -                 | 3.73  | -   | 3.73             |        |
| Balance at June 30, 2021  | -                | -               | 459.02  | 12.01                              | 49.32   | 3,300.94          | 3,821.29  | 5.82  | 3,827.12         |        |
| As per our report of even date attached   |                  |                 |   |                                    |   |                   |   |   |                  |        |
| For B S R & Associates LLP<br>Chartered Accountants<br>ICAI Firm registration number: 116231W/ W-100024 |                  |                 | For and on behalf of the Board of Directors<br>Vijaya Diagnostic Centre Limited<br>(formerly known as 'Vijaya Diagnostic Centre Private Limited')<br>CIN: U85195TG2002PLC039075 |                                    |   |                   |   |   |                  |        |
| Sriram Mahalingam<br>Partner<br>Membership Number: 049642   |                  |                 | Dr. S Surendranath Reddy<br>Executive Chairman<br>DIN Number: 00108599  |                                    | S Suprita Reddy<br>Chief Executive Officer    |                   |   |   |                  |        |
|   |                  |                 | K. Sunil Chandra<br>Executive Director<br>DIN Number: 01409332  |                                    | Narasimha Raju K.A<br>Chief Financial Officer |                   | V. Sri Lakshmi<br>Company Secretary<br>Membership Number: F9950 |   |                  |        |
| Place: Hyderabad<br>Date: August 16, 2021   |                  |                 | Place: Hyderabad<br>Date: August 16, 2021   |                                    |   |                   |   |   |                  |        |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**  
**Annexure V**

**Summary of Significant Accounting Policies**

(All amounts are in Rs in millions, except share data or otherwise stated)

**1 Corporate Information**

Vijaya Diagnostic Centre Limited (formerly known as Vijaya Diagnostic Centre Private Limited) ("the Company" or "the Parent Company") together with its subsidiaries (collectively, "the Group") is engaged in the business of providing comprehensive range of diagnostic services spanning pathological investigations, basic and high end radiology, nuclear medicine and related healthcare services.

The Company and its subsidiaries have been incorporated in India under the provisions of the Companies Act and Limited Liability Partnership Act. The Company is domiciled in India, having its registered office located at # 3-6-16 & 17, Street No 19, Himayat Nagar, Hyderabad - 500 029, India and the Corporate office is located at # 6-3-883/F, Ground Floor of Family Planning Association of India, Panjagutta, Hyderabad - 500 082, India.

The Company was converted into a public limited company under the Companies Act, 2013 on March 22, 2021 and consequently, the name was changed to "Vijaya Diagnostic Centre Limited".

**2 Basis of preparation and measurement**

**(i) Statement of compliance & Basis of preparation**

The Restated Consolidated financial information of the group comprise of the Restated Consolidated Balance Sheet as at 30 June 2021, 30 June 2020, 31 March 2021, 31 March 2020, 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 periods / years ended 30 June 2021, 30 June 2020, 31 March 2021, 31 March 2020, and 31 March 2019, and the Significant accounting policies and Restated Consolidated Other Financial Information (together referred to as 'Restated Consolidated Financial Information').

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 except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

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").

The Restated Consolidated Financial Information has been compiled by the Group from:

• Audited Special Purpose Interim Consolidated financial statements of the Group as at and for the three months period ended 30 June 2021 and 30 June 2020 (being comparative period for the financials for the three months period ended 30 June 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 and

- there were no changes in accounting policies during the year / period of these financial statements, except for the new and amended Ind AS-116- 'Leases'- Refer Annexure VI and Note 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 special purpose interim consolidated financial statements of the Group as at and for the period ended 30 June 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 April 01, 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 Consolidated Financial Statements".

The Restated Consolidated Financial Information were approved by the Board of Directors and authorised for issue on August 16, 2021.

**(ii) Functional and presentation currency**

These Restated Consolidated Financial Information are presented in Indian Rupees (INR), which is also the Group's functional currency. All financial information presented in Indian rupees have been rounded-off to two decimal places to the nearest million except share data or as otherwise stated.

**(iii) Basis of measurement**

The Restated Consolidated Financial Information have been prepared on the historical cost basis except for the following items:

|  |   |
|--|---|
| - Certain financial assets and liabilities : | Measured at fair value  |
| - Net defined benefit (asset)/ liability :   | Fair value of plan assets less present value of defined benefit obligations |
| - Borrowings :                               | Amortised cost using effective interest rate method                         |
| - Equity Share based payment at grant date : | Measured at fair value  |

**(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 those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Judgements**

Information about judgements 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:

- Note 3(L) and 41 - lease classification.
- Note 3(L) and 41 - Whether an arrangement contains a lease and lease classification;

**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:

- Note 3(G) – Impairment testing for goodwill generated on consolidation;
- Note 4 and Note 5 – determining an asset's expected useful life and the expected residual value at the end of its life
- Note 12 – Impairment of financial assets;
- Note 43 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 38 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

**(v) Measurement of fair values**

Group accounting policies and disclosures require measurement of fair value for both financial and non-financial assets.

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).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 47 - Financial instruments

**(vi) Principles of consolidation**

**a. Subsidiaries**

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 a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Restated Consolidated Financial Information from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 statements 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 March 31.

**b. Consolidation procedures:**

a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the Restated Consolidated Financial Information at the acquisition date.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c. Eliminate in full intragroup 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 recognized in assets, such as inventory and property, plant and equipment and intangible assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Restated Consolidated Financial Information. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profit and losses resulting from intragroup transactions.



**Summary of Significant Accounting Policies**

(All amounts are in Rs in millions, except share data or otherwise stated)

**c. Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**d. Loss of control**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- (i) Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- (ii) Derecognises the carrying amount of any non-controlling interests.
- (iii) Derecognises the cumulative translation differences recorded in equity.
- (iv) Recognises the fair value of the consideration received.
- (v) Recognises the fair value of any investment retained.
- (vi) Recognises any surplus or deficit in profit or loss.
- (vii) Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**e. Subsidiaries considered in the Restated Consolidated Financial Information:**

| S. No. | Name of the entity                            | Relationship         | Country of incorporation | Ownership interest in % |               |                |                |                |
|--------|---|----------------------|--------------------------|-------------------------|---------------|----------------|----------------|----------------|
|        |   |                      |                          | June 30, 2021           | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| 1      | Medinova Diagnostic Services Limited          | Subsidiary           | India                    | 62.14%                  | 62.14%        | 62.14%         | 62.14%         | 62.14%         |
| 2      | VDC Diagnostic (Karnataka) LLP                | Subsidiary           | India                    | 100%                    | 100%          | 100%           | 100%           | 100%           |
| 3      | Doctors Lab Diagnostic Centre Private Limited | Subsidiary           | India                    | 100%                    | 100%          | 100%           | 100%           | 100%           |
| 4      | Medinova Millennium MRI Services LLP*         | Step down subsidiary | India                    | 55.07%                  | 55.07%        | 55.07%         | 55.07%         | 55.07%         |
| 5      | Namrata Diagnostic Centre Private Limited**   | Step down subsidiary | India                    | 100%                    | 100%          | 100%           | 100%           | 100%           |

\*Subsidiary of Medinova Diagnostic Services Limited

\*\*Subsidiary of Doctors Lab Diagnostic Centre Private Limited

**(vii) Current and non-current classification:**

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

**Assets**

An asset is classified as a current when:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is expected to be realized within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non current

**Liabilities**

A liability is classified as a current when:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- Deferred tax assets/liabilities are classified as non-current.
- the Group does not have an unconditional right to defer settlement of liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

**Operating Cycle**

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

**3 Summary of significant accounting policies**

**A. Revenue recognition**

**i) Income from diagnostic services**

Revenue from diagnostics services is recognized on amount billed net of discounts/ concessions if any. No element of financing is deemed present as the sales are made primarily on cash and carry basis, however for institutional/ organisational customers a credit period of 30 days is given, which is consistent with market practice.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that economic benefits will flow to the entity and when the underlying tests are conducted, samples are processed for requisitioned diagnostic tests. Each diagnostic service is generally a separate performance obligation and therefore revenue is recognised at a point in time when the tests are conducted, samples are processed. For multiple tests, the Group measures the revenue in respect of each performance obligation at its relative stand alone selling price and the transaction price is allocated accordingly. The price that is regularly charged for a test separately registered is considered to be the best evidence of its stand alone selling price. Revenue contracts are on principal to principal basis and the Group is primarily responsible for fulfilling the performance obligation.

A contract liability is the obligation to transfer services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

**ii) Income from sale of Privilege cards**

The Group operates a discount scheme where certain 'Privilege cards' are sold to the customers against which specified discounts are given on the future diagnostic services availed by the customer for a specified period. The Group recognises revenue from the sale of such cards over the period for which the card is valid. The difference in sale consideration received and revenue recognised is recognised as deferred revenue.

**B. Recognition of dividend income, interest income**

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Interest income is recognised using the effective interest rate method.

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.

**C. Borrowing cost**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**D. Financial instruments**

A financial instrument is any contract that gives rise to a Financial Asset of one entity and Financial liability or equity instrument of another entity.

**i) Initial measurement and recognition**

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii) Classification and subsequent measurement**

**Financial assets**

All financial assets except Trade receivables are initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**Subsequent measurement**

For the purpose of subsequent measurement, financial assets are categorised as under:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

**Financial Liabilities:**

Financial liabilities are measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss.

**Derecognition - Financial assets**

A Financial asset is primarily derecognised when 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 asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Derecognition - Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**Financial Instruments Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently and legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**E. Property, plant and equipment**

**i) Recognition and measurement**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred. If an item of property, plant and equipment is purchased with deferred credit period from supplier, such asset is recorded at its cash price equivalent value.

**ii) Depreciation**

Depreciation is provided using the Written down value Method ("WDV") over the useful lives of the assets as estimated by the Management Depreciation on additions and deletions are restricted to the period of use. Depreciation is charged to statement of profit and loss.

The Group entities, based on technical assessment and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Act. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Group has estimated the following useful lives to provide depreciation on its property, plant and equipment:

| Asset category                           | Useful life estimated by the Management | Useful life as per Schedule II |
|--|---|--------------------------------|
| Buildings                                | 60 years                                | 60 years                       |
| Plant and equipment:                     |   |                                |
| - Medical and diagnostic equipment       | 5 years - 13 years                      | 13 years                       |
| - Other equipment                        | 7 years - 15 years                      | 15 years                       |
| Electrical equipment                     | 10 years                                | 10 years                       |
| Furniture and fixtures                   | 5 years - 10 years                      | 10 years                       |
| Office equipment                         | 3 years - 5 years                       | 5 years                        |
| Computers                                |   |                                |
| - Servers and networks                   | 6 years                                 | 6 years                        |
| - End user devices such as laptops, etc. | 3 years - 5 years                       | 3 years                        |
| Vehicles                                 | 8 years                                 | 8 years                        |

In case of Building on leasehold land, the depreciation is charged based on useful life of the building or the lease period which ever is lower. In the case of leasehold building improvements, the depreciation is charged based on useful life of the improvements which is 10 years or lease period which ever is lower.

Residual value is considered to be 5% on all the assets, as technically estimated by the management.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the statement of profit and loss.

**F. Intangible assets**

**i) Recognition and measurement**

Intangible assets that are acquired, are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**ii) Amortisation**

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the "written down value" (WDV) method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

- Software - 5 years

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted if appropriate.

**G. Goodwill on consolidation**

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

|                                      | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>Goodwill on consolidation</b>     |                        |                        |                         |                         |                         |
| Medinova Diagnostic Services Limited | 53.37                  | 53.37                  | 53.37                   | 53.37                   | 53.37                   |
| VDC Diagnostic (Karnataka) LLP       | -                      | -                      | -                       | -                       | 15.42                   |

The Group's goodwill on consolidation are tested for impairment annually or more frequently if there are indications that goodwill might be impaired.

An impairment loss recognised for goodwill is not reversed in subsequent periods.

Further information about the assumptions made in testing impairment is included in the following notes:

- Note 5 - Goodwill

**H. Capital work in progress**

Capital work-in-progress is recognized at cost. It comprises of property, plant and equipment that are not yet ready for their intended use at the reporting date.

**I. Inventories**

Inventories comprise of diagnostic kits, reagents, laboratory chemicals and consumables, these are valued at lower of cost and net realizable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for recoverable taxes, if any. Cost is determined on First-in-First-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The comparison of cost and net realisable value is made on an item-by-item basis.

**J. Impairment of assets****i) Impairment of financial instruments**

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.

The Group measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

*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. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. 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 (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.

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.

In respect of 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 has been recognised.

**K. Employee benefits**

**(i) Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) 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 and other funds. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

**(iii) Defined benefit plans:**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**(iv) Other long-term employee benefits**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period by a qualified actuary using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

**(v) Share based payments**

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes valuation model. The grant date fair value of options granted to employees is recognised as employee expense with a corresponding increase in employee stock options reserve, over the period in which the eligibility conditions are fulfilled and the employees unconditionally become entitled to the awards. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**L. Leases**

Lease contracts entered by the Group majorly pertains for buildings taken on lease to conduct its business in the ordinary course.

**Group as a Lessor:**

Leases for which the Group is a lessor are classified as a finance or operating lease. Whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on straight line basis over the term of relevant lease.

**Summary of Significant Accounting Policies**

(All amounts are in Rs in millions, except share data or otherwise stated)

**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.

Under Ind AS 116, the Group assesses whether a contract is or contains a lease based on the definition of lease. On transition of IND AS 116, the Group elected to apply practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore the definition of lease under Ind AS 116 was applied only to contracts entered into or changed on or after April 01, 2018.

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.

**Right of use asset:**

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use 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. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

**Lease Liability:**

The Group measures the lease liability at present value of the future lease payments at the commencement date of the lease. 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. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the remeasurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in statement of profit and loss.

**M. Income-tax**

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

**(i) 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.

**(ii) 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 not 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 the transaction; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they 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 realized. Deferred tax assets – Unrecognised or recognised, 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 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 the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**N. Provision, contingent liabilities and contingent assets**

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. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

**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 has to be recognised in the financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

**O. 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.

**P. 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 and financing activities of the Group are segregated.

**Q. 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.

**R. Investments**

Investments representing equity interest carried at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

**S. 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 statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

**T. 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.

**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 periods ended June 30, 2021 and June 30, 2020 & for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and their consequential impact on the profit/ (loss) of the Group:

| Particulars  | Note No. | Period ended<br>June 30, 2021 | Period ended<br>June 30, 2020 | Year ended March<br>31, 2021 | Year ended March<br>31, 2020 | Year ended March<br>31, 2019 |
|--|----------|-------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|
| Net profit after tax as per audited consolidated financial statements          |          | 333.25                        | 18.10                         | 851.27                       | 627.75                       | 496.86                       |
| <b>Adjustments</b>   |          |                               |                               |                              |                              |                              |
| <b>Material restatement Adjustments:</b>                                       |          |                               |                               |                              |                              |                              |
| <b>(i) Audit qualifications</b>  |          | -                             | -                             | -                            | -                            | -                            |
| <b>Total</b>   |          | -                             | -                             | -                            | -                            | -                            |
| <b>(ii) Adjustments due to prior period items / other adjustments</b>          |          |                               |                               |                              |                              |                              |
| Adjustments on account of adoption of Ind AS 116                               | 1        | -                             | -                             | -                            | -                            | (115.64)                     |
| Depreciation   |          | -                             | -                             | -                            | -                            | (84.69)                      |
| Finance cost   |          | -                             | -                             | -                            | -                            | 139.06                       |
| Lease expenses   |          | -                             | -                             | -                            | -                            | 9.29                         |
| Taxes for earlier years  | 2        | -                             | -                             | (2.16)                       | (2.68)                       | (51.98)                      |
| <b>Total</b>   |          | -                             | -                             | (2.16)                       | (2.68)                       | (51.98)                      |
| <b>(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable</b> |          |                               |                               |                              |                              |                              |
| Deferred tax impact on restatement adjustments                                 | 3        | -                             | -                             | -                            | -                            | 17.84                        |
| <b>Net profit after tax as per Restated Consolidated Financial Information</b> |          | <b>333.25</b>                 | <b>18.10</b>                  | <b>849.11</b>                | <b>625.07</b>                | <b>462.72</b>                |

Summarised below are the restatement adjustments made to the equity of the Audited Consolidated Financial Statements of the Group for the periods ended June 30, 2020 and June 30, 2021 & for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and their consequential impact on the equity of the Group:

| Particulars  | Note No. | Period ended<br>June 30, 2021 | Period ended<br>June 30, 2020 | Year ended March<br>31, 2021 | Year ended March<br>31, 2020 | Year ended March<br>31, 2019 |
|--|----------|-------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|
| Total Equity as per audited consolidated financial statements                  |          | 3,929.08                      | 2,758.28                      | 3,592.32                     | 2,739.23                     | 2,108.69                     |
| <b>Material restatement Adjustments:</b>                                       |          |                               |                               |                              |                              |                              |
| <b>(i) Audit qualifications</b>  |          | -                             | -                             | -                            | -                            | -                            |
| <b>Total</b>   |          | -                             | -                             | -                            | -                            | -                            |
| <b>(ii) Adjustments due to prior period items / other adjustments</b>          |          |                               |                               |                              |                              |                              |
| Adjustments on account of adoption of Ind AS 116                               | 1        | -                             | -                             | -                            | -                            | (61.27)                      |
| Taxes for earlier years  | 2        | -                             | -                             | -                            | 2.16                         | 4.84                         |
| <b>Total</b>   |          | -                             | -                             | -                            | 2.16                         | (56.43)                      |
| <b>(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable</b> |          |                               |                               |                              |                              |                              |
| Deferred tax impact on restatement adjustments                                 | 3        | -                             | -                             | -                            | -                            | 17.84                        |
| <b>Total equity as per Restated Consolidated Financial Information</b>         |          | <b>3,929.08</b>               | <b>2,758.28</b>               | <b>3,592.32</b>              | <b>2,741.39</b>              | <b>2,070.10</b>              |

**Note : 1 Adjustments on account of adoption of Ind AS 116**

Ind AS 116 - "Leases", which is mandatory w.e.f. April 01, 2019, has replaced existing Ind AS 17 - "Leases". The Group has applied the modified retrospective approach on transition w.e.f. April 01, 2019. However for the restatement purpose, modified retrospective approach has been applied w.e.f. April 1, 2018. The effect of implementing the standard is as under :

- Right of use (ROU) asset recognised on April 01, 2018
- Lease liability recognised on April 01, 2018
- Other expenses are lower in March 31, 2019 by Rs. 139.06 million
- Depreciation and amortisation expenses are higher in March 31, 2019 by Rs. 115.64 million
- Finance costs are higher in March 31, 2019 by Rs. 84.69 million.

As required by the Guidance Note, an adjustment of Rs. 43.43 million has been recorded in retained earnings on April 01, 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 March 31, 2020

**Note 2: Taxes for earlier years**

Taxes pertaining to earlier years has been adjusted in the Restated Consolidated Financial Information.

**Note : 3 Deferred tax assets (net):**

Deferred tax has been computed on adjustments made as detailed above and has been adjusted in the Restated Consolidated Financial Information.

**Note : 4 Material regrouping : None**

Appropriate regroupings have been made in the Restated Consolidated Balance Sheet, Restated Consolidated Statement of Profit & Loss and Restated Consolidated Statement of CashFlows, 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 period ended June 30, 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 & Disclosure Requirements) Regulations 2018, as amended.



**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**  
**Annexure VI - Statement of Adjustments to Restated Consolidated Financial Information**  
*(All amounts are in Rs in millions, except share data or otherwise stated)*

**Part B: Reconciliation of total equity as per audited consolidated financial statements with total equity as per Restated Consolidated Financial Information as at March 31, 2019:**

The Group has followed the same accounting policy choices (transition options as per Ind AS 116) as adopted on April 01, 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 01 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 April 01, 2019.

| Particulars   | Right to use asset | Deferred tax | Other current and Non-current assets | Lease liability | Retained earnings |
|---|--------------------|--------------|--------------------------------------|-----------------|-------------------|
| Balance as per Restated Consolidated Financial Information as at March 31, 2019                                 | 1,078.81           | 11.78        | 23.64                                | 1,106.80        | 1,461.29          |
| Add: Adjustment on account of transition to Ind AS 116 (including corresponding deferred tax)                   | 22.30              | (17.84)      | 33.28                                | 5.69            | 43.43             |
| Balance carried forward as at April 01, 2019  | 1,101.11           | (6.06)       | 56.92                                | 1,101.11        | 1,504.72          |
| Less: Taxes for earlier years   | -                  | -            | -                                    | -               | (4.84)            |
| Balance as at March 31, 2019 as per audited consolidated financial statements for the year ended March 31, 2019 | 1,101.11           | (6.06)       | 56.92                                | 1,101.11        | 1,499.88          |

**Part C: 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.

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**

**For the year ended March 31, 2019**

**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 Income-tax, Goods and Service tax, which have not been deposited with appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of duty of customs have not been deposited by the company on account of disputes:

| Nature of dues                     | Name of the statute | Amount in million | Period to which the amount relates | Forum where the dispute is pending |
|------------------------------------|---------------------|-------------------|------------------------------------|------------------------------------|
| Customs duty, interest and penalty | Customs Act, 1962   | 1.77              | FY 2006-2007                       | CESTAT, West Zonal bench, Mumbai   |

**For the year ended March 31, 2020**

**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 Income-tax, Goods and Service tax, which have not been deposited with appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of duty of customs have not been deposited by the company on account of disputes:

| Nature of dues                     | Name of the statute | Amount in million | Period to which the amount relates | Forum where the dispute is pending |
|------------------------------------|---------------------|-------------------|------------------------------------|------------------------------------|
| Customs duty, interest and penalty | Customs Act, 1962   | 1.77              | FY 2006-2007                       | CESTAT, West Zonal bench, Mumbai   |

**For the year ended March 31, 2021**

**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 Income-tax, Goods and Service tax, which have not been deposited with appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of duty of customs have not been deposited by the company on account of disputes:

| Nature of dues                     | Name of the statute | Amount in million | Period to which the amount relates | Forum where the dispute is pending |
|------------------------------------|---------------------|-------------------|------------------------------------|------------------------------------|
| Customs duty, interest and penalty | Customs Act, 1962   | 1.77              | FY 2006-2007                       | CESTAT, West Zonal bench, Mumbai   |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**  
**Annexure VI - Statement of Adjustments to Restated Consolidated Financial Information**  
*(All amounts are in Rs in millions, except share data or otherwise stated)*

**Medinova Diagnostic Services Limited**

**For the year ended March 31, 2019**

**Clause (vii) (b) of CARO 2016 Order**

According to the information and explanations given to us, in respect of statutory dues there were no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income Tax, Goods and Service Tax, Custom's Duty, Cess and other material statutory dues in arrears as at 31 March, 2019 for a period of more than six months from the date they became payable except in the following cases:

| Name of the statute  | Nature of dues                          | Amount in million |
|----------------------|---|-------------------|
| Customs Act, 1962    | Dues including interest and penalty     | 0.03              |
| Income Tax Act, 1961 | Interest on delayed payment of interest | 0.02              |

**For the year ended March 31, 2020**

**Clause (vii) (b) of CARO 2016 Order**

According to the information and explanations given to us, in respect of statutory dues there were no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income Tax, Goods and Service Tax, Custom's Duty, Cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable except in the following cases:

| Name of the statute  | Nature of dues                          | Amount in million |
|----------------------|---|-------------------|
| Customs Act, 1962    | Dues including interest and penalty     | 0.03              |
| Income Tax Act, 1961 | Interest on delayed payment of interest | 0.02              |

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

**Vijaya Diagnostic Centre Limited**

(formerly known as 'Vijaya Diagnostic Centre Private Limited')

CIN: U85195TG2002PLC039075

**Sriram Mahalingam**

Partner

Membership Number: 049642

**Dr. S Surendranath Reddy**

Executive Chairman

DIN Number: 00108599

**S Suprita Reddy**

Chief Executive Officer

**K. Sunil Chandra**

Executive Director

DIN Number: 01409332

**Narasimha Raju K.A**

Chief Financial Officer

**V. Sri Lakshmi**

Company Secretary

Membership Number: F9950

Place: Hyderabad

Date: August 16, 2021

Place: Hyderabad

Date: August 16, 2021

Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)

Annexure VII Notes to Restated Consolidated Financial Information

(All amounts are in Rs in millions, except share data or otherwise stated)

4. Property, plant and equipment and Capital work-in-progress

| Description                                       | Land - Freehold | Building | Building on leasehold land | Leasehold improvements | Plant and equipment - Medical | Plant and equipment - Others | Electrical equipment | Furniture and fixtures | Office equipment | Computers | Vehicles | Total    |
|---|-----------------|----------|----------------------------|------------------------|-------------------------------|------------------------------|----------------------|------------------------|------------------|-----------|----------|----------|
| Cost as at April 1, 2018                          | 23.36           | 71.99    | 141.68                     | 111.67                 | 919.60                        | 172.77                       | 60.73                | 64.14                  | 13.20            | 22.18     | 20.38    | 1,621.70 |
| Additions   | -               | -        | -                          | 99.85                  | 388.07                        | 32.45                        | 17.40                | 40.33                  | 2.71             | 14.18     | 19.35    | 614.34   |
| Disposals   | -               | -        | -                          | -                      | (23.05)                       | (0.39)                       | (0.45)               | -                      | (0.11)           | (0.07)    | (6.59)   | (30.66)  |
| Cost as at March 31, 2019 (A)                     | 23.36           | 71.99    | 141.68                     | 211.52                 | 1,284.62                      | 204.83                       | 77.68                | 104.47                 | 15.80            | 36.29     | 33.14    | 2,205.38 |
| Additions   | -               | -        | -                          | 36.99                  | 217.87                        | 20.91                        | 19.31                | 36.67                  | 5.37             | 12.06     | 5.50     | 354.68   |
| Disposals (Refer note 48)                         | (2.81)          | (10.21)  | -                          | (13.23)                | (69.88)                       | (5.59)                       | (3.04)               | (4.01)                 | (0.55)           | (0.81)    | (3.30)   | (113.43) |
| Cost as at March 31, 2020 (C)                     | 20.55           | 61.78    | 141.68                     | 235.28                 | 1,432.61                      | 220.15                       | 93.95                | 137.13                 | 20.62            | 47.54     | 35.34    | 2,446.63 |
| Additions   | -               | -        | -                          | 1.84                   | 60.30                         | 2.25                         | 2.28                 | 3.50                   | 0.35             | 1.57      | -        | 72.09    |
| Disposals   | -               | -        | -                          | -                      | -                             | -                            | (0.14)               | -                      | -                | -         | -        | (0.14)   |
| Cost as at June 30, 2020 (E)                      | 20.55           | 61.78    | 141.68                     | 237.12                 | 1,492.91                      | 222.40                       | 96.09                | 140.63                 | 20.97            | 49.11     | 35.34    | 2,518.58 |
| Cost as at April 01, 2021                         | 20.55           | 61.78    | 141.68                     | 235.28                 | 1,432.61                      | 220.15                       | 93.95                | 137.13                 | 20.62            | 47.54     | 35.34    | 2,446.63 |
| Additions   | -               | -        | -                          | 16.46                  | 229.84                        | 16.49                        | 13.04                | 14.03                  | 2.59             | 9.29      | 0.60     | 302.34   |
| Disposals   | -               | -        | -                          | -                      | (20.07)                       | (0.12)                       | (0.37)               | -                      | -                | -         | (0.47)   | (21.03)  |
| Cost as at March 31, 2021 (G)                     | 20.55           | 61.78    | 141.68                     | 251.74                 | 1,642.38                      | 236.52                       | 106.62               | 151.16                 | 23.21            | 56.83     | 35.47    | 2,727.94 |
| Additions   | -               | -        | -                          | 5.28                   | 39.30                         | 1.17                         | 4.03                 | 4.35                   | 0.76             | 2.24      | 0.77     | 57.90    |
| Disposals   | -               | -        | -                          | -                      | (3.71)                        | (0.48)                       | -                    | -                      | -                | -         | -        | (4.19)   |
| Cost as at June 30, 2021 (I)                      | 20.55           | 61.78    | 141.68                     | 257.02                 | 1,677.97                      | 237.21                       | 110.65               | 155.51                 | 23.97            | 59.07     | 36.24    | 2,781.65 |
| Accumulated depreciation as at April 1, 2018      | -               | 4.19     | 28.39                      | 21.31                  | 267.20                        | 107.15                       | 22.37                | 24.62                  | 7.15             | 13.14     | 10.70    | 506.22   |
| Depreciation for the year                         | -               | 3.36     | 10.76                      | 40.36                  | 159.61                        | 18.98                        | 12.12                | 14.58                  | 3.45             | 8.12      | 5.74     | 277.08   |
| Disposals/ adjustments                            | -               | -        | -                          | -                      | (11.18)                       | (0.19)                       | (0.24)               | -                      | (0.11)           | (0.05)    | (3.44)   | (15.21)  |
| Accumulated depreciation as at March 31, 2019 (B) | -               | 7.55     | 39.15                      | 61.67                  | 415.63                        | 125.94                       | 34.25                | 39.20                  | 10.49            | 21.21     | 13.00    | 768.09   |
| Depreciation for the year                         | -               | 2.89     | 9.65                       | 47.08                  | 208.00                        | 17.01                        | 13.76                | 21.84                  | 3.42             | 11.11     | 6.73     | 341.49   |
| Disposals/ adjustments                            | -               | (1.76)   | -                          | (6.87)                 | (41.04)                       | (3.04)                       | (2.16)               | (2.58)                 | (0.51)           | (0.77)    | (2.69)   | (61.42)  |
| Accumulated depreciation as at March 31, 2020 (D) | -               | 8.68     | 48.80                      | 101.88                 | 582.59                        | 139.91                       | 45.85                | 58.46                  | 13.40            | 31.55     | 17.04    | 1,048.16 |
| Depreciation for the period                       | -               | 0.65     | 2.15                       | 9.61                   | 46.26                         | 3.89                         | 3.17                 | 5.20                   | 0.89             | 2.09      | 1.43     | 75.34    |
| Disposals/ adjustments                            | -               | -        | -                          | -                      | -                             | -                            | (0.14)               | -                      | -                | -         | -        | (0.14)   |
| Accumulated depreciation as at June 30, 2020 (F)  | -               | 9.33     | 50.95                      | 111.49                 | 628.85                        | 143.80                       | 48.88                | 63.66                  | 14.29            | 33.64     | 18.47    | 1,123.36 |
| Accumulated depreciation as at April 01, 2020     | -               | 8.68     | 48.80                      | 101.88                 | 582.59                        | 139.91                       | 45.85                | 58.46                  | 13.40            | 31.55     | 17.04    | 1,048.16 |
| Depreciation for the year                         | -               | 2.59     | 8.61                       | 40.38                  | 209.74                        | 16.77                        | 14.40                | 22.41                  | 4.23             | 10.69     | 5.86     | 335.68   |
| Disposals/ adjustments                            | -               | -        | -                          | -                      | (12.78)                       | (0.06)                       | (0.27)               | -                      | -                | -         | (0.43)   | (13.54)  |
| Accumulated depreciation as at March 31, 2021 (H) | -               | 11.27    | 57.41                      | 142.26                 | 779.55                        | 156.62                       | 59.98                | 80.87                  | 17.63            | 42.24     | 22.47    | 1,370.30 |
| Depreciation for the period                       | -               | 0.61     | 1.92                       | 8.06                   | 46.33                         | 3.80                         | 3.16                 | 4.68                   | 0.74             | 1.96      | 1.00     | 72.26    |
| Disposals/ adjustments                            | -               | -        | -                          | -                      | (2.61)                        | (0.27)                       | -                    | -                      | -                | -         | -        | (2.88)   |
| Accumulated depreciation as at June 30, 2021 (J)  | -               | 11.88    | 59.33                      | 150.32                 | 823.27                        | 160.15                       | 63.14                | 85.55                  | 18.37            | 44.20     | 23.47    | 1,439.68 |
| Net carrying amount as at March 31, 2019 (A)- (B) | 23.36           | 64.44    | 102.53                     | 149.85                 | 868.99                        | 78.89                        | 43.43                | 65.27                  | 5.31             | 15.08     | 20.14    | 1,437.29 |
| Net carrying amount as at March 31, 2020 (C)- (D) | 20.55           | 53.10    | 92.88                      | 133.40                 | 850.02                        | 80.24                        | 48.10                | 78.67                  | 7.22             | 15.99     | 18.30    | 1,398.47 |
| Net carrying amount as at June 30, 2020 (E)- (F)  | 20.55           | 52.45    | 90.73                      | 125.63                 | 864.06                        | 78.60                        | 47.21                | 76.97                  | 6.68             | 15.47     | 16.87    | 1,395.22 |
| Net carrying amount as at March 31, 2021 (G)- (H) | 20.55           | 50.51    | 84.27                      | 109.48                 | 862.83                        | 79.90                        | 46.64                | 70.29                  | 5.58             | 14.59     | 13.00    | 1,357.64 |
| Net carrying amount as at June 30, 2021 (I)- (J)  | 20.55           | 49.90    | 82.35                      | 106.70                 | 854.70                        | 77.06                        | 47.51                | 69.96                  | 5.60             | 14.87     | 12.77    | 1,341.97 |

1. Refer to note 38 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

2. Refer to note 19 for details of property plant and equipment subject to charges on secured borrowings.

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**

**Annexure VII Notes to Restated Consolidated Financial Information**

(All amounts are in Rs in millions, except share data or otherwise stated)

**4. Property, plant and equipment and Capital work-in-progress**

**Title deeds of Immovable Properties not held in name of the Company:**

| Description   | June 30, 2021                    | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|----------------------------------|---------------|----------------|----------------|----------------|
| Title deeds held in the name of   | Vijaya Diagnostic Centre Limited |               |                |                |                |
| Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director | NA                               |               |                |                |                |
| Reason for not being held in the name of the Company  | NA                               |               |                |                |                |

**Capital work-in-progress (CWIP):**

| Description                                  | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| Balance at the beginning of the period/year  | 81.82                  | 92.61                  | 92.61                   | 27.09                   | 26.94                   |
| Additions during the period/year             | 36.77                  | 133.14                 | 291.55                  | 420.20                  | 614.49                  |
| Less: Capitalisations                        | (57.90)                | (72.26)                | (302.33)                | (354.68)                | (614.34)                |
| <b>Balance at the end of the period/year</b> | <b>60.71</b>           | <b>153.49</b>          | <b>81.82</b>            | <b>92.61</b>            | <b>27.09</b>            |

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.

**CWIP Ageing Schedule:**

**As at June 30, 2021**

| CWIP                           | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1<br>Year            | 1-2 Years | 2-3 Years | More Than 3 Years |       |
| Projects in progress           | 60.71                          | -         | -         | -                 | 60.71 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -     |

**As at June 30, 2020**

| CWIP                           | Amount in CWIP for a period of |           |           |                   | Total  |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|--------|
|                                | Less than 1<br>Year            | 1-2 Years | 2-3 Years | More Than 3 Years |        |
| Projects in progress           | 153.49                         | -         | -         | -                 | 153.49 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -      |

**As at March 31, 2021**

| CWIP                           | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1<br>Year            | 1-2 Years | 2-3 Years | More Than 3 Years |       |
| Projects in progress           | 81.82                          | -         | -         | -                 | 81.82 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -     |

**As at March 31, 2020**

| CWIP                           | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1<br>Year            | 1-2 Years | 2-3 Years | More Than 3 Years |       |
| Projects in progress           | 92.61                          | -         | -         | -                 | 92.61 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -     |

**As at March 31, 2019**

| CWIP                           | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1<br>Year            | 1-2 Years | 2-3 Years | More Than 3 Years |       |
| Projects in progress           | 26.81                          | 0.28      | -         | -                 | 27.09 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -     |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**
**Annexure VII Notes to Restated Consolidated Financial Information**

(All amounts are in Rs in millions, except share data or otherwise stated)

**5. Other intangible assets , Goodwill and Intangible assets under development**

| Description  | Other intangible assets - Software | Goodwill |
|--|------------------------------------|----------|
| Cost as at April 1, 2018                                       | 10.86                              | 68.79    |
| Additions  | 6.68                               | -        |
| Cost as at March 31, 2019 (A)                                  | 17.54                              | 68.79    |
| Additions  | 9.17                               | -        |
| Disposals (Refer note 48)                                      | (0.32)                             | (15.42)  |
| Cost as at March 31, 2020 (C)                                  | 26.39                              | 53.37    |
| Additions  | 0.07                               | -        |
| Disposals  | -                                  | -        |
| Cost as at June 30, 2020 (E)                                   | 26.46                              | 53.37    |
| Cost as at April 01, 2020                                      | 26.39                              | 53.37    |
| Additions  | 0.29                               | -        |
| Disposals  | -                                  | -        |
| Cost as at March 31, 2021 (G)                                  | 26.68                              | 53.37    |
| Additions  | 10.62                              | -        |
| Disposals  | -                                  | -        |
| Cost as at June 30, 2021 (I)                                   | 37.30                              | 53.37    |
| Accumulated amortisation / impairment as at April 1, 2018      | 6.54                               | -        |
| Amortisation / impairment for the year                         | 3.54                               | -        |
| Accumulated amortisation / impairment as at March 31, 2019 (B) | 10.08                              | -        |
| Amortisation / impairment for the year                         | 6.26                               | -        |
| Disposals  | (0.31)                             | -        |
| Accumulated amortisation / impairment as at March 31, 2020 (D) | 16.03                              | -        |
| Amortisation / impairment for the period                       | 1.17                               | -        |
| Disposals  | -                                  | -        |
| Accumulated amortisation / impairment as at June 30, 2020 (F)  | 17.20                              | -        |
| Accumulated amortisation / impairment as at April 01, 2020     | 16.03                              | -        |
| Amortisation / impairment for the year                         | 4.64                               | -        |
| Disposals  | -                                  | -        |
| Accumulated amortisation / impairment as at March 31, 2021 (H) | 20.67                              | -        |
| Amortisation / impairment for the period                       | 1.65                               | -        |
| Disposals  | -                                  | -        |
| Accumulated amortisation / impairment as at June 30, 2021 (J)  | 22.32                              | -        |
| Net carrying amount as at March 31, 2019 (A)- (B)              | 7.46                               | 68.79    |
| Net carrying amount as at March 31, 2020 (C)- (D)              | 10.36                              | 53.37    |
| Net carrying amount as at June 30, 2020 (E)- (F)               | 9.26                               | 53.37    |
| Net carrying amount as at March 31, 2021 (G)- (H)              | 6.01                               | 53.37    |
| Net carrying amount as at June 30, 2021 (I)- (J)               | 14.98                              | 53.37    |

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

|                                      | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>Goodwill on consolidation</b>     |                        |                        |                         |                         |                         |
| Medinova Diagnostic Services Limited | 53.37                  | 53.37                  | 53.37                   | 53.37                   | 53.37                   |
| VDC Diagnostic (Karnataka) LLP       | -                      | -                      | -                       | -                       | 15.42                   |

The Group performed its annual impairment test for years ended March 31, 2021, March 31, 2020 and March 31, 2019.

**Impairment testing for cash generating unit containing goodwill:**

The recoverable amount of the CGU, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the Management covering a five year period. The pre-tax discount rate applied to cash flow projections for impairment testing during the years is stated in the below table and cash flows beyond the five year period are extrapolated using a long term growth rate as stated in the below table that is the same as the long-term average growth rate for the Diagnostic service industry.

## Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)

### Annexure VII Notes to Restated Consolidated Financial Information

(All amounts are in Rs in millions, except share data or otherwise stated)

The following table sets out the key assumption for the Cash Generating Unit ("CGU") for performing the annual impairment test:

|                      | Medinova Diagnostic Services Limited |                |                | VDC Diagnostic (Karnataka) LLP |
|----------------------|--------------------------------------|----------------|----------------|--------------------------------|
|                      | March 31, 2021                       | March 31, 2020 | March 31, 2019 | March 31, 2019                 |
| Discount rate        | 10%                                  | 10%            | 10%            | 10%                            |
| Terminal growth rate | 5%                                   | 5%             | 5%             | 5%                             |

The discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU.

There is no impairment noted in the above CGUs based on the assessment performed by the Management. Management has performed sensitivity analysis around the base assumption and have concluded that no reasonable possible change in key assumptions would cause the recoverable amount of the CGU lower than the carrying amount of CGU.

No impairment on goodwill was recognized during the current period or earlier years.

#### Intangible assets under development

| Description                                  | As at June 30, 2021 | As at June 30, 2020 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|
| Balance at the beginning of the period/year  | 12.36               | 3.65                | 3.65                 | -                    | -                    |
| Additions during the period/year             | -                   | -                   | 8.71                 | 3.65                 | -                    |
| Less: Capitalisations                        | (8.85)              | -                   | -                    | -                    | -                    |
| <b>Balance at the end of the period/year</b> | <b>3.51</b>         | <b>3.65</b>         | <b>12.36</b>         | <b>3.65</b>          | <b>-</b>             |

Note: The Company does not have any Intangible asset under development which is overdue or has exceeded its cost compared to its original plan and hence Intangible assets completion schedule is not applicable.

#### Intangible assets under development ageing

##### As at June 30, 2021

| Intangible assets under development | Amount in Intangible assets under development for a period of |             |           |                   |             |
|-------------------------------------|---|-------------|-----------|-------------------|-------------|
|                                     | Less than 1 Year  | 1-2 Years   | 2-3 Years | More Than 3 Years | Total       |
| Projects in progress                | -   | 3.51        | -         | -                 | 3.51        |
| Projects temporarily suspended      | -   | -           | -         | -                 | -           |
| <b>Total</b>                        | <b>-</b>  | <b>3.51</b> | <b>-</b>  | <b>-</b>          | <b>3.51</b> |

##### As at June 30, 2020

| Intangible assets under development | Amount in Intangible assets under development for a period of |             |           |                   |             |
|-------------------------------------|---|-------------|-----------|-------------------|-------------|
|                                     | Less than 1 Year  | 1-2 Years   | 2-3 Years | More Than 3 Years | Total       |
| Projects in progress                | -   | 3.65        | -         | -                 | 3.65        |
| Projects temporarily suspended      | -   | -           | -         | -                 | -           |
| <b>Total</b>                        | <b>-</b>  | <b>3.65</b> | <b>-</b>  | <b>-</b>          | <b>3.65</b> |

##### As at March 31, 2021

| Intangible assets under development | Amount in Intangible assets under development for a period of |             |           |                   |              |
|-------------------------------------|---|-------------|-----------|-------------------|--------------|
|                                     | Less than 1 Year  | 1-2 Years   | 2-3 Years | More Than 3 Years | Total        |
| Projects in progress                | 4.02  | 8.34        | -         | -                 | 12.36        |
| Projects temporarily suspended      | -   | -           | -         | -                 | -            |
| <b>Total</b>                        | <b>4.02</b>   | <b>8.34</b> | <b>-</b>  | <b>-</b>          | <b>12.36</b> |

##### As at March 31, 2020

| Intangible assets under development | Amount in Intangible assets under development for a period of |           |           |                   |             |
|-------------------------------------|---|-----------|-----------|-------------------|-------------|
|                                     | Less than 1 Year  | 1-2 Years | 2-3 Years | More Than 3 Years | Total       |
| Projects in progress                | 3.65  | -         | -         | -                 | 3.65        |
| Projects temporarily suspended      | -   | -         | -         | -                 | -           |
| <b>Total</b>                        | <b>3.65</b>   | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>3.65</b> |

##### As at March 31, 2019

| Intangible assets under development | Amount in Intangible assets under development for a period of |           |           |                   |          |
|-------------------------------------|---|-----------|-----------|-------------------|----------|
|                                     | Less than 1 Year  | 1-2 Years | 2-3 Years | More Than 3 Years | Total    |
| Projects in progress                | -   | -         | -         | -                 | -        |
| Projects temporarily suspended      | -   | -         | -         | -                 | -        |
| <b>Total</b>                        | <b>-</b>  | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>-</b> |

#### 6. Right of use asset (ROU)

A new lease standard i.e., Ind AS 116 has been notified to be effective w.e.f. April 1, 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 March 31, 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 April 1, 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 asset at an amount equal to the lease liability). The weighted average rate applied is 8.5%. The nature and effect of the changes as a result of adoption of Ind AS 116 is described below.

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 Group has lease contracts mainly for buildings used in its operations. Leases of building generally have lease terms between 2 and 25 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of buildings with lease terms of 12 months or less with no purchase option and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The adoption of this newly issued accounting standard Ind AS 116 "Lease" resulted in recognition of "Right of Use" asset of Rs. 938.43 million and a lease liability of Rs. 938.43 million as at April 1, 2018. Consequently, the profit before tax for the year ended March 31, 2019 is lower by Rs. 61.27 million.

Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

#### Impact of IndAs 116 on the operating results of the Company:

| Particulars           | June 30, 2021 |              | June 30, 2020 |              | March 31, 2021 |               | March 31, 2020 |               | March 31, 2019 |               |
|-----------------------|---------------|--------------|---------------|--------------|----------------|---------------|----------------|---------------|----------------|---------------|
|                       | Ind AS 116    | Ind AS 17    | Ind AS 116    | Ind AS 17    | Ind AS 116     | Ind AS 17     | Ind AS 116     | Ind AS 17     | Ind AS 116     | Ind AS 17     |
| Depreciation expenses | 45.30         | -            | 39.84         | -            | 164.21         | -             | 143.95         | -             | 115.64         | -             |
| Interest expenses     | 33.61         | -            | 28.01         | -            | 114.13         | -             | 99.25          | -             | 84.69          | -             |
| Lease payments        | -             | 57.62        | -             | 35.70        | -              | 189.65        | -              | 167.51        | -              | 136.02        |
| Prepaid rent expense  | -             | 1.51         | -             | 1.13         | -              | 4.69          | -              | 4.33          | -              | 3.04          |
| <b>Total</b>          | <b>78.91</b>  | <b>59.13</b> | <b>67.85</b>  | <b>36.83</b> | <b>278.34</b>  | <b>194.34</b> | <b>243.20</b>  | <b>171.84</b> | <b>200.33</b>  | <b>139.06</b> |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**

**Annexure VII Notes to Restated Consolidated Financial Information**

(All amounts are in Rs in millions, except share data or otherwise stated)

(i) Movement in Right of use assets and Lease liabilities is given below:

| Description  | Building |
|--|----------|
| Cost as at April 1, 2018                                       | -        |
| Transitional impact of Ind AS 116                              | 938.43   |
| Additions  | 219.70   |
| Adjustment (prepaid rent on present value of security deposit) | 36.32    |
| Disposals  | -        |
| Cost as at March 31, 2019 (A)                                  | 1,194.45 |
| Ind AS 116 transition adjustment (Refer Annexure VI - Part B)  | (93.34)  |
| Cost as at April 1, 2019 (Refer Annexure VI - Part B)          | 1,101.11 |
| Additions  | 301.80   |
| Disposals  | (5.19)   |
| Cost as at March 31, 2020 ( C )                                | 1,397.72 |
| Additions  | 63.37    |
| Disposals  | (0.20)   |
| Cost as at June 30, 2020 ( E )                                 | 1,460.89 |
| Cost as at April 01, 2020                                      | 1,397.72 |
| Additions  | 170.58   |
| Disposals  | (7.49)   |
| Cost as at March 31, 2021 (G)                                  | 1,560.81 |
| Additions  | 237.87   |
| Disposals  | -        |
| Cost as at June 30, 2021 (I)                                   | 1,798.68 |
| Accumulated Depreciation as at April 1, 2018                   | -        |
| Depreciation for the year                                      | 115.64   |
| Disposals  | -        |
| Accumulated Depreciation as at March 31, 2019 (B)              | 115.64   |
| Ind AS 116 transition adjustment (Refer Annexure VI - Part B)  | (115.64) |
| Accumulated Depreciation as at April 1, 2019                   | -        |
| Depreciation for the year                                      | 143.95   |
| Disposals  | -        |
| Accumulated Depreciation as at March 31, 2020 (D)              | 143.95   |
| Depreciation for the period                                    | 39.84    |
| Disposals  | (0.07)   |
| Accumulated Depreciation as at June 30, 2020 (F)               | 183.72   |
| Accumulated Depreciation as at April 01, 2020                  | 143.95   |
| Depreciation for the year                                      | 164.21   |
| Disposals  | (7.36)   |
| Accumulated Depreciation as at March 31, 2021 (H)              | 300.80   |
| Depreciation for the period                                    | 45.30    |
| Disposals  | -        |
| Accumulated Depreciation as at June 30, 2021 (J)               | 346.10   |
| Net carrying amount as at March 31, 2019 (A)- (B)              | 1,078.81 |
| Net carrying amount as at March 31, 2020 (C)- (D)              | 1,253.77 |
| Net carrying amount as at June 30, 2020 (E)- (F)               | 1,277.17 |
| Net carrying amount as at March 31, 2021 (G)- (H)              | 1,260.01 |
| Net carrying amount as at June 30, 2021 (I)- (J)               | 1,452.58 |

The aggregate depreciation expense on ROU assets is shown under depreciation and amortisation expense in the Restated Consolidated Statement of Profits and Losses.



Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)

Annexure VII Notes to Restated Consolidated Financial Information

(All amounts are in Rs in millions, except share data or otherwise stated)

Set out below are the carrying amounts of lease liabilities and the movements during the period/year:

(i) Lease liabilities included in the Restated Consolidated Balance Sheet:

|  | As at         |               |                |                |                |
|--|---------------|---------------|----------------|----------------|----------------|
|  | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Opening Balance (Refer Annexure VI - Part B)         | 1,365.75      | 1,283.87      | 1,283.87       | 1,106.80       | -              |
| Ind AS 116 transition adjustment as at April 1, 2019 | -             | -             | -              | (5.69)         | -              |
| Restated balance as at April 1, 2019                 | -             | -             | -              | 1,101.11       | -              |
| Recognised on adoption of Ind AS 116                 | -             | -             | -              | -              | 938.43         |
| Additions during the period/year                     | 229.85        | 63.12         | 157.55         | 256.21         | 219.70         |
| Disposal during the period/year                      | -             | (0.14)        | (0.14)         | (5.19)         | -              |
| Accretion of interest                                | 33.61         | 28.01         | 114.13         | 99.25          | 84.69          |
| Payment of lease liabilities                         | (57.62)       | (35.70)       | (189.65)       | (167.51)       | (136.02)       |
| Closing Balance                                      | 1,571.59      | 1,339.16      | 1,365.75       | 1,283.87       | 1,106.80       |

Classification of lease liabilities

|             |          |          |          |          |          |
|-------------|----------|----------|----------|----------|----------|
| Current     | 108.23   | 90.52    | 101.03   | 87.77    | 72.64    |
| Non-current | 1,463.36 | 1,248.64 | 1,264.72 | 1,196.10 | 1,034.16 |

(ii) Payments recognised as expense

|  | Period ended  |               | Year ended     |                |                |
|--|---------------|---------------|----------------|----------------|----------------|
|  | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Short term leases and low value assets | 3.04          | 0.61          | 6.62           | 14.78          | 16.28          |
|  | 3.04          | 0.61          | 6.62           | 14.78          | 16.28          |

(iii) Contractual maturities of lease liabilities on undiscounted basis

|                      | As at         |               |                |                |                |
|----------------------|---------------|---------------|----------------|----------------|----------------|
|                      | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Less than one year   | 238.74        | 201.88        | 214.32         | 194.46         | 158.95         |
| One to five years    | 954.66        | 852.25        | 880.83         | 813.75         | 677.21         |
| More than five years | 1,287.99      | 1,026.09      | 1,009.19       | 979.55         | 882.05         |
|                      | 2,481.39      | 2,080.22      | 2,104.34       | 1,987.76       | 1,718.21       |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**  
**Annexure VII Notes to Restated Consolidated Financial Information**  
*(All amounts are in Rs in millions, except share data or otherwise stated)*

| Particulars  | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>7. Non current investments</b>  |                        |                        |                         |                         |                         |
| <b>Equity investment (at FVTOCI) - unquoted</b>  |                        |                        |                         |                         |                         |
| <b>C.R Broadcasting Hyderabad Limited</b>  | 0.40                   | 0.40                   | 0.40                    | 0.40                    | 0.40                    |
| 40,000 (June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019: 40,000) equity shares of Rs. 10 each fully paid up   |                        |                        |                         |                         |                         |
|  | <b>0.40</b>            | <b>0.40</b>            | <b>0.40</b>             | <b>0.40</b>             | <b>0.40</b>             |
| Aggregate value of unquoted investments  | 0.40                   | 0.40                   | 0.40                    | 0.40                    | 0.40                    |
| Aggregate value of impairment in value of investments  | -                      | -                      | -                       | -                       | -                       |
| <b>8. Other non-current financial assets</b>   |                        |                        |                         |                         |                         |
| <b>Unsecured, considered good</b>  |                        |                        |                         |                         |                         |
| Balances with bank held as margin money  | 1.04                   | 0.92                   | 1.04                    | 1.00                    | 0.96                    |
| Deposit accounts with remaining maturity of more than 12 Months  | 118.29                 | -                      | 58.69                   | -                       | -                       |
| Security deposits *  | 62.42                  | 51.38                  | 61.97                   | 53.85                   | 42.22                   |
| Interest accrued on bank deposits and others   | 3.38                   | -                      | 0.52                    | -                       | -                       |
| <b>Total</b>   | <b>185.13</b>          | <b>52.30</b>           | <b>122.22</b>           | <b>54.85</b>            | <b>43.18</b>            |
| * Includes amount receivable from related parties (refer note 45)  |                        |                        |                         |                         |                         |
| <b>9. Other non-current assets</b>   |                        |                        |                         |                         |                         |
| <b>Unsecured, considered good</b>  |                        |                        |                         |                         |                         |
| Capital advances   | 51.48                  | 13.51                  | 34.76                   | 41.11                   | 3.45                    |
| Advances other than capital advances   | -                      | 2.59                   | -                       | 2.59                    | 2.59                    |
| Prepaid expenses   | 26.43                  | 18.88                  | 26.33                   | 22.92                   | 0.46                    |
| <b>Total</b>   | <b>77.91</b>           | <b>34.98</b>           | <b>61.09</b>            | <b>66.62</b>            | <b>6.50</b>             |
| <b>10. Inventories</b>   |                        |                        |                         |                         |                         |
| <b>(Valued at cost or Net Realisable Value whichever is lower)</b>   |                        |                        |                         |                         |                         |
| reagents, chemicals, digital Imaging films and consumables   | 62.95                  | 35.31                  | 26.44                   | 27.73                   | 21.78                   |
| <b>Total</b>   | <b>62.95</b>           | <b>35.31</b>           | <b>26.44</b>            | <b>27.73</b>            | <b>21.78</b>            |
| <b>11. Investments</b>   |                        |                        |                         |                         |                         |
| <b>Current</b>   |                        |                        |                         |                         |                         |
| <b>Investments at fair value through profit or loss - quoted</b>   |                        |                        |                         |                         |                         |
| IDFC Cash Fund Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: 17,241.08 and March 31, 2019: 17,241.08) units of Rs. 1,000 each                     | -                      | -                      | -                       | 41.41                   | 39.09                   |
| Aditya Birla Sunlife Floating Rate Fund - 224,182.96 (June 30, 2020: Nil, March 31, 2021: 224,182.96, March 31, 2020: Nil and March 31, 2019: Nil) units of Rs. 100 each   | 61.50                  | -                      | 60.68                   | -                       | -                       |
| Aditya Birla Sunlife Low Duration Fund - 73,574.67 (June 30, 2020: Nil, March 31, 2021: 73,574.67, March 31, 2020: Nil and March 31, 2019: Nil) units of Rs. 100 each      | 41.14                  | -                      | 40.62                   | -                       | -                       |
| IDFC Low Duration Fund Growth - 3,305,908.39 (June 30, 2020: Nil, March 31, 2021: 3,305,908.39, March 31, 2020: Nil and March 31, 2019: 3,759,508.42) units of Rs. 10 each | 102.35                 | -                      | 101.35                  | -                       | 100.55                  |
| IDFC Corporate Bond Fund - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: Nil and March 31, 2019: 4,284,747.15) units of Rs. 10 each                        | -                      | -                      | -                       | -                       | 55.10                   |
| IDFC Ultra Short term fund Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: Nil and March 31, 2019: 1,905,034.05) units of Rs. 10 each               | -                      | -                      | -                       | -                       | 20.20                   |
| Birla Sunlife Savings Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: Nil and March 31, 2019: 123,416.24) units of Rs. 100 each                     | -                      | -                      | -                       | -                       | 45.88                   |
| Birla Sunlife Savings Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: 465,980.33 and March 31, 2019: 465,980.33) units of Rs. 100 each              | -                      | -                      | -                       | 186.78                  | 173.23                  |
| Reliance Prime Debt Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: 2,215,404.46 and March 31, 2019: 2,215,404.46) units of Rs. 10 each             | -                      | -                      | -                       | 96.16                   | 88.87                   |
| HDFC Floting Rate Debt Growth - Nil (June 30, 2020: Nil, March 31, 2020: Nil, March 31, 2020: 3,509,067.43 and March 31, 2019: 3,509,067.43) units of Rs. 10 each          | -                      | -                      | -                       | 124.16                  | 114.76                  |
| Kotak Low Duration Fund - 12,724.06 (June 30, 2020: Nil, March 31, 2021: 12,724.06, March 31, 2020: Nil and March 31, 2019: Nil) units of Rs. 1,000 each                   | 35.74                  | -                      | 35.29                   | -                       | -                       |
| HDFC Low Duration Fund - 805,643.61 (June 30, 2020: Nil, March 31, 2021: 805,643.61, March 31, 2020: Nil and March 31, 2019: Nil) units of Rs. 10 each                     | 38.84                  | -                      | 38.33                   | -                       | -                       |
| Invesco India Money Market Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: Nil and March 31, 2019: 9,295.86) units of Rs. 1,000 each                | -                      | -                      | -                       | -                       | 20.17                   |
| Kotak Money Market Scheme Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: Nil and March 31, 2019: 3,272.57) units of Rs. 1,000 each                 | -                      | -                      | -                       | -                       | 10.10                   |
| Invesco India Liquid Fund Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: Nil and March 31, 2019: 7,936.60) units of Rs. 1,000 each                 | -                      | -                      | -                       | -                       | 20.42                   |
| Invesco India Short Term Fund Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: 19,335.13 and March 31, 2019: Nil) units of Rs. 100 each              | -                      | -                      | -                       | 54.34                   | -                       |
| Invesco India Treasury Advantage Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: 3,636.37 and March 31, 2019: Nil) units of Rs. 1,000 each          | -                      | -                      | -                       | 10.41                   | -                       |
| Invesco India Treasury Advantage Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: 7,257.83 and March 31, 2019: Nil) units of Rs. 1,000 each          | -                      | -                      | -                       | 20.77                   | -                       |
| IDFC Cash Fund Growth - Nil (June 30, 2020: 5,249.65, March 31, 2021: Nil, March 31, 2020: Nil and March 31, 2019: Nil) units of Rs. 1,000 each                            | -                      | 12.75                  | -                       | -                       | -                       |
| IDFC Cash Fund-Growth-Growth - Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: 5,290.91 and March 31, 2019: Nil) units of Rs. 1,000 each                     | -                      | -                      | -                       | 12.71                   | -                       |
| <b>Total</b>   | <b>279.57</b>          | <b>12.75</b>           | <b>276.27</b>           | <b>546.74</b>           | <b>688.37</b>           |
| Aggregate book value of quoted investments   | 279.57                 | 12.75                  | 276.27                  | 546.74                  | 688.37                  |
| Aggregate market value of quoted investments   | 279.57                 | 12.75                  | 276.27                  | 546.74                  | 688.37                  |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**  
**Annexure VII Notes to Restated Consolidated Financial Information**  
*(All amounts are in Rs in millions, except share data or otherwise stated)*

| Particulars  | As at<br>June 30, 2021  | As at<br>June 30, 2020   | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019  |               |
|--|---|--------------------------|-------------------------|-------------------------|--------------------------|---------------|
| <b>12. Trade receivables</b>   |   |                          |                         |                         |                          |               |
| - Unsecured, considered good*  | 55.52   | 72.27                    | 64.08                   | 79.97                   | 91.25                    |               |
| - Unsecured Credit impaired  | 15.32   | 17.91                    | 15.32                   | 16.54                   | 18.09                    |               |
|  | 70.84   | 90.18                    | 79.40                   | 96.51                   | 109.34                   |               |
| Less: Allowance for doubtful trade receivables (expected credit loss allowance)    | (15.32)   | (17.91)                  | (15.32)                 | (16.54)                 | (18.09)                  |               |
| <b>Total</b>   | <b>55.52</b>  | <b>72.27</b>             | <b>64.08</b>            | <b>79.97</b>            | <b>91.25</b>             |               |
| * Includes amount receivable from related parties (refer note 45)                  |   |                          |                         |                         |                          |               |
| <b>Trade Receivables ageing schedule:</b>  |   |                          |                         |                         |                          |               |
| <b>As at June 30, 2021</b>   |   |                          |                         |                         |                          |               |
| <b>Particulars</b>   | <b>Outstanding for following periods from due date of payment</b> |                          |                         |                         |                          |               |
|  | <b>Less than 6 months</b>   | <b>6 months - 1 year</b> | <b>1-2 years</b>        | <b>2-3 years</b>        | <b>More than 3 years</b> | <b>Total</b>  |
| (i) Undisputed Trade receivables – considered good                                 | 41.23   | 12.44                    | 1.46                    | 0.38                    | 0.01                     | 55.52         |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -   | -                        | -                       | -                       | -                        | -             |
| (iii) Undisputed Trade Receivables – credit impaired                               | 0.23  | 3.07                     | 3.84                    | 2.13                    | 0.01                     | 9.28          |
| (iv) Disputed Trade Receivables– considered good                                   | -   | -                        | -                       | -                       | -                        | -             |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -   | -                        | -                       | -                       | -                        | -             |
| (vi) Disputed Trade Receivables – credit impaired                                  | -   | -                        | -                       | 3.66                    | 2.38                     | 6.04          |
| <b>Total</b>   | <b>41.46</b>  | <b>15.51</b>             | <b>5.30</b>             | <b>6.17</b>             | <b>2.40</b>              | <b>70.84</b>  |
| <b>As at June 30, 2020</b>   |   |                          |                         |                         |                          |               |
| <b>Particulars</b>   | <b>Outstanding for following periods from due date of payment</b> |                          |                         |                         |                          |               |
|  | <b>Less than 6 months</b>   | <b>6 months - 1 year</b> | <b>1-2 years</b>        | <b>2-3 years</b>        | <b>More than 3 years</b> | <b>Total</b>  |
| (i) Undisputed Trade receivables – considered good                                 | 48.56   | 21.92                    | 1.42                    | 0.37                    | -                        | 72.27         |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -   | -                        | -                       | -                       | -                        | -             |
| (iii) Undisputed Trade Receivables – credit impaired                               | -   | 3.52                     | 5.41                    | 0.97                    | 1.98                     | 11.88         |
| (iv) Disputed Trade Receivables– considered good                                   | -   | -                        | -                       | -                       | -                        | -             |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -   | -                        | -                       | -                       | -                        | -             |
| (vi) Disputed Trade Receivables – credit impaired                                  | -   | -                        | 3.66                    | 0.01                    | 2.36                     | 6.03          |
| <b>Total</b>   | <b>48.56</b>  | <b>25.44</b>             | <b>10.49</b>            | <b>1.35</b>             | <b>4.34</b>              | <b>90.18</b>  |
| <b>As at March 31, 2021</b>  |   |                          |                         |                         |                          |               |
| <b>Particulars</b>   | <b>Outstanding for following periods from due date of payment</b> |                          |                         |                         |                          |               |
|  | <b>Less than 6 months</b>   | <b>6 months - 1 year</b> | <b>1-2 years</b>        | <b>2-3 years</b>        | <b>More than 3 years</b> | <b>Total</b>  |
| (i) Undisputed Trade receivables – considered good                                 | 60.89   | 1.37                     | 1.43                    | 0.39                    | -                        | 64.08         |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -   | -                        | -                       | -                       | -                        | -             |
| (iii) Undisputed Trade Receivables – credit impaired                               | 1.66  | 1.73                     | 3.83                    | 1.90                    | 0.16                     | 9.28          |
| (iv) Disputed Trade Receivables– considered good                                   | -   | -                        | -                       | -                       | -                        | -             |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -   | -                        | -                       | -                       | -                        | -             |
| (vi) Disputed Trade Receivables – credit impaired                                  | -   | -                        | -                       | 3.66                    | 2.38                     | 6.04          |
| <b>Total</b>   | <b>62.55</b>  | <b>3.10</b>              | <b>5.26</b>             | <b>5.95</b>             | <b>2.54</b>              | <b>79.40</b>  |
| <b>As at March 31, 2020</b>  |   |                          |                         |                         |                          |               |
| <b>Particulars</b>   | <b>Outstanding for following periods from due date of payment</b> |                          |                         |                         |                          |               |
|  | <b>Less than 6 months</b>   | <b>6 months - 1 year</b> | <b>1-2 years</b>        | <b>2-3 years</b>        | <b>More than 3 years</b> | <b>Total</b>  |
| (i) Undisputed Trade receivables – considered good                                 | 51.74   | 26.39                    | 1.84                    | -                       | -                        | 79.97         |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -   | -                        | -                       | -                       | -                        | -             |
| (iii) Undisputed Trade Receivables – credit impaired                               | -   | -                        | -                       | 0.21                    | 8.06                     | 8.27          |
| (iv) Disputed Trade Receivables– considered good                                   | -   | -                        | -                       | -                       | -                        | -             |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -   | -                        | -                       | -                       | -                        | -             |
| (vi) Disputed Trade Receivables – credit impaired                                  | 1.05  | 0.54                     | 4.80                    | 0.67                    | 1.21                     | 8.27          |
| <b>Total</b>   | <b>52.79</b>  | <b>26.93</b>             | <b>6.64</b>             | <b>0.88</b>             | <b>9.27</b>              | <b>96.51</b>  |
| <b>As at March 31, 2019</b>  |   |                          |                         |                         |                          |               |
| <b>Particulars</b>   | <b>Outstanding for following periods from due date of payment</b> |                          |                         |                         |                          |               |
|  | <b>Less than 6 months</b>   | <b>6 months - 1 year</b> | <b>1-2 years</b>        | <b>2-3 years</b>        | <b>More than 3 years</b> | <b>Total</b>  |
| (i) Undisputed Trade receivables – considered good                                 | 59.95   | 29.14                    | 1.28                    | 0.37                    | 0.51                     | 91.25         |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -   | -                        | -                       | -                       | -                        | -             |
| (iii) Undisputed Trade Receivables – credit impaired                               | 0.16  | 3.89                     | 4.90                    | -                       | 6.74                     | 15.69         |
| (iv) Disputed Trade Receivables– considered good                                   | -   | -                        | -                       | -                       | -                        | -             |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -   | -                        | -                       | -                       | -                        | -             |
| (vi) Disputed Trade Receivables – credit impaired                                  | -   | -                        | 0.20                    | 1.55                    | 0.65                     | 2.40          |
| <b>Total</b>   | <b>60.11</b>  | <b>33.03</b>             | <b>6.38</b>             | <b>1.92</b>             | <b>7.90</b>              | <b>109.34</b> |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**  
**Annexure VII Notes to Restated Consolidated Financial Information**  
*(All amounts are in Rs in millions, except share data or otherwise stated)*

| Particulars   | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>13. Cash and cash equivalents</b>  |                        |                        |                         |                         |                         |
| Balances with bank  |                        |                        |                         |                         |                         |
| - On current accounts   | 59.19                  | 230.52                 | 58.67                   | 552.96                  | 87.96                   |
| - in Fixed deposit accounts having original maturity less than 3 months   | 36.25                  | 68.15                  | -                       | -                       | -                       |
| Cash on hand  | 6.14                   | 7.59                   | 8.19                    | 2.73                    | 8.25                    |
| <b>Total</b>  | <b>101.58</b>          | <b>306.26</b>          | <b>66.86</b>            | <b>555.69</b>           | <b>96.21</b>            |
| <b>14. Bank balances other than Cash and cash equivalents</b>   |                        |                        |                         |                         |                         |
| <b>Balances with bank</b>   |                        |                        |                         |                         |                         |
| Fixed deposits with original maturity more than 3 months but less than 12 months* @   | 2,147.90               | 1,371.42               | 1,875.55                | 626.23                  | 430.12                  |
| <b>Total</b>  | <b>2,147.90</b>        | <b>1,371.42</b>        | <b>1,875.55</b>         | <b>626.23</b>           | <b>430.12</b>           |
| @ Fixed deposits of Rs. 79.87 million (June 30, 2020: Rs. 22.10 million, March 31, 2021: Rs. 22.87 million, March 31, 2020: Rs. 22.10 million, March 31, 2019: Rs. 20 million) under lien   |                        |                        |                         |                         |                         |
| * The deposits made with banks comprise of time deposits, which are available at call   |                        |                        |                         |                         |                         |
| <b>15. Other current financial assets</b>   |                        |                        |                         |                         |                         |
| <b>Unsecured, considered good</b>   |                        |                        |                         |                         |                         |
| Interest accrued on bank deposits and others  | 28.99                  | 18.40                  | 48.08                   | 4.01                    | 22.06                   |
| Security deposits *   | 4.52                   | 5.24                   | 2.94                    | 0.57                    | 3.58                    |
| Share issue expenses receivable (Refer note-45 (e))   | 58.99                  | -                      | -                       | -                       | -                       |
| Other receivables   | 0.80                   | 0.03                   | 0.87                    | 0.84                    | 4.08                    |
| <b>Total</b>  | <b>93.30</b>           | <b>23.67</b>           | <b>51.89</b>            | <b>5.42</b>             | <b>29.72</b>            |
| * Includes amount receivable from related parties (refer note 45)   |                        |                        |                         |                         |                         |
| <b>16. Other current assets</b>   |                        |                        |                         |                         |                         |
| <b>Unsecured, considered good</b>   |                        |                        |                         |                         |                         |
| Advances to Suppliers   | 11.72                  | 23.46                  | 4.98                    | 8.37                    | 2.68                    |
| Advance to employees  | 1.11                   | 1.05                   | 0.76                    | 1.31                    | 0.13                    |
| Prepaid expenses  | 28.19                  | 15.34                  | 20.98                   | 12.06                   | 14.33                   |
| Other Receivables   | 0.13                   | -                      | -                       | -                       | -                       |
| <b>Total</b>  | <b>41.15</b>           | <b>39.85</b>           | <b>26.72</b>            | <b>21.74</b>            | <b>17.14</b>            |
| <b>17. Equity share capital</b>   |                        |                        |                         |                         |                         |
| <b>Authorized</b>   |                        |                        |                         |                         |                         |
| 120,500,000 equity shares of Re. 1 each (June 30, 2020: 12,050,000 equity shares of Rs. 10 each and March 31, 2021: 120,500,000 equity shares of Re. 1 each and March 31, 2020: 12,050,000 equity shares of Rs. 10 each and March 31, 2019: 6,631,868 equity shares of Rs. 10 each)             | 120.50                 | 120.50                 | 120.50                  | 120.50                  | 66.32                   |
| Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: Nil and March 31, 2019: 1,425,000) Series A Compulsory convertible preference shares (CCPS) of Rs. 10 each  | -                      | -                      | -                       | -                       | 14.25                   |
| Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: Nil and March 31, 2019: 12,000) Series B Compulsory convertible preference shares (CCPS) of Rs. 3,327.61 each   | -                      | -                      | -                       | -                       | 39.93                   |
| <b>Issued, subscribed and fully paid-up</b>   |                        |                        |                         |                         |                         |
| 101,965,926 equity shares of Re. 1 each (June 30, 2020: 4,531,819 equity shares of Rs. 10 each and March 31, 2021: 45,318,190 equity shares of Re. 1 each and March 31, 2020: 4,531,819 equity shares of Rs. 10 each and March 31, 2019: 4,528,813 equity shares of Rs. 10 each), fully paid-up | 101.97                 | 45.32                  | 45.32                   | 45.32                   | 45.29                   |
| <b>Total</b>  | <b>101.97</b>          | <b>45.32</b>           | <b>45.32</b>            | <b>45.32</b>            | <b>45.29</b>            |

**i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period/year**

|   | June 30, 2021       |               | June 30, 2020    |              | March 31, 2021     |              | March 31, 2020   |              | March 31, 2019   |              |
|---|---------------------|---------------|------------------|--------------|--------------------|--------------|------------------|--------------|------------------|--------------|
|   | Number of shares    | Amount        | Number of shares | Amount       | Number of shares   | Amount       | Number of shares | Amount       | Number of shares | Amount       |
| Balance at the beginning of the reporting period/year   | 4,53,18,190         | 45.32         | 45,31,819        | 45.32        | 45,31,819          | 45.32        | 45,28,813        | 45.29        | 45,28,813        | 45.29        |
| Increase in shares on account of subdivision (refer note 17(vi))                                      | -                   | -             | -                | -            | 4,07,86,371        | -            | -                | -            | -                | -            |
| Shares issued during the year on account of bonus   | 5,66,47,736         | 56.65         | -                | -            | -                  | -            | -                | -            | -                | -            |
| Conversion of Series A Cumulative Compulsorily Convertible Preference Shares (CCPS) (Refer note 18a)* | -                   | -             | -                | -            | -                  | -            | 1                | 0.00         | -                | -            |
| Conversion of Series B Cumulative Compulsorily Convertible Preference Shares (CCPS) (Refer note 18a)  | -                   | -             | -                | -            | -                  | -            | 3,005            | 0.03         | -                | -            |
| <b>Shares outstanding at the end of the period/year</b>   | <b>10,19,65,926</b> | <b>101.97</b> | <b>45,31,819</b> | <b>45.32</b> | <b>4,53,18,190</b> | <b>45.32</b> | <b>45,31,819</b> | <b>45.32</b> | <b>45,28,813</b> | <b>45.29</b> |

\* The amounts are below million hence the same are not appearing

ii) The Company has only one class of equity shares having a par value of Rs. 1 per share (June 30, 2021 and March 31, 2021.) (June 30, 2020, March 31, 2020 and March 31, 2019: Rs. 10 per share). Each holder of equity shares is entitled to one vote per share. The shareholders are entitled to dividends in Indian Rupees, proposed by the Board of Directors and subject to the approval of the shareholders in the Annual General Meetings. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**  
**Annexure VII Notes to Restated Consolidated Financial Information**  
*(All amounts are in Rs in millions, except share data or otherwise stated)*

**iii) Shares held by shareholders holding more than 5% in the Company**

|   | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| Dr. S. Surendranath Reddy<br>Shareholding % | 38,719,143<br>37.97%   | 2,681,603<br>59.17%    | 26,816,030<br>59.17%    | 2,681,603<br>59.17%     | 2,681,602<br>59.21%     |
| M/s. Karakoram Limited<br>Shareholding %    | 39,316,387<br>38.56%   | 1,747,395<br>38.56%    | 17,473,950<br>38.56%    | 1,747,395<br>38.56%     | 1,744,498<br>38.52%     |
| K Sunil Chandra<br>Shareholding %           | 9,176,933<br>9.00%     | 30,416<br>0.67%        | 304,160<br>0.67%        | 30,416<br>0.67%         | 30,416<br>0.67%         |
| S Suprita Reddy<br>Shareholding %           | 9,176,933<br>9.00%     | 2,525<br>0.06%         | 25,250<br>0.06%         | 2,525<br>0.06%          | 2,525<br>0.06%          |

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.

iv) During the five years immediately preceding the reporting date, no shares have been bought back, issued for consideration other than cash except for conversion of Preference shares into Equity shares (Refer note 18a) and bonus shares issued are as follows:

|   | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 | March 31, 2018 | March 31, 2017 |
|---|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Allotted as fully paid up equity shares by way of bonus | 5,66,47,736   | -             | -              | -              | -              | -              | -              |
| Shares issued for consideration other than cash         | -             | -             | -              | -              | -              | -              | -              |

v) For details of shares reserved for issue under Employee share based payments (ESOP) of the Company [refer note 44].

**vi) Subdivision of equity shares**

(a) On March 22, 2021 the equity shares of the Company having the face value of Rs. 10 (Rupees ten only) each were subdivided into 10 (ten) equity shares having a face value of Re. 1 (Rupee one only) each. Accordingly, 45,31,819 equity shares of face value of Rs. 10 each were sub divided into 4,53,18,190 equity shares of face value of Re. 1 each.

(b) The earnings per share in respect of current and previous periods has been restated considering the aforesaid sub division of shares.

**vii) Shareholding of promoters**

|                           | As at June 30, 2021 |               |                | As at June 30, 2020 |              |                | As at March 31, 2021 |               |                | As at March 31, 2020 |               |                | As at March 31, 2019 |               |                |
|---------------------------|---------------------|---------------|----------------|---------------------|--------------|----------------|----------------------|---------------|----------------|----------------------|---------------|----------------|----------------------|---------------|----------------|
|                           | Number of<br>shares | %<br>holding  | % of<br>Change | Number of<br>shares | % holding    | % of<br>Change | Number of<br>shares  | % holding     | % of<br>Change | Number of<br>shares  | % holding     | % of<br>Change | Number of<br>shares  | % holding     | % of<br>Change |
| <b>Promoters:</b>         |                     |               |                |                     |              |                |                      |               |                |                      |               |                |                      |               |                |
| Dr. S. Surendranath Reddy | 3,87,19,143         | 37.97%        | -21.20%        | 26,81,603           | 59.17%       | -              | 2,68,16,030          | 59.17%        | -              | 26,81,603            | 59.17%        | -0.04%         | 26,81,602            | 59.21%        | -              |
| S. Geetha Reddy           | 40,78,638           | 4.00%         | 3.93%          | 3,307               | 0.07%        | -              | 33,070               | 0.07%         | -              | 3,307                | 0.07%         | 0.00%          | 3,307                | 0.07%         | -              |
| K. Sunil Chandra          | 91,76,933           | 9.00%         | 8.33%          | 30,416              | 0.67%        | -              | 3,04,160             | 0.67%         | -              | 30,416               | 0.67%         | 0.00%          | 30,416               | 0.67%         | -              |
| B. Vishnu Priya Reddy     | 27,922              | 0.03%         | 0.00%          | 1,241               | 0.03%        | -              | 12,410               | 0.03%         | -              | 1,241                | 0.03%         | 0.00%          | 1,241                | 0.03%         | -              |
| S. Suprita Reddy          | 91,76,933           | 9.00%         | 8.94%          | 2,525               | 0.06%        | -              | 25,250               | 0.06%         | -              | 2,525                | 0.06%         | 0.00%          | 2,525                | 0.06%         | -              |
| <b>Total</b>              | <b>6,11,79,569</b>  | <b>60.00%</b> | <b>0.00%</b>   | <b>27,19,092</b>    | <b>60.0%</b> | <b>-</b>       | <b>2,71,90,920</b>   | <b>60.00%</b> | <b>-</b>       | <b>27,19,092</b>     | <b>60.00%</b> | <b>-0.04%</b>  | <b>27,19,091</b>     | <b>60.04%</b> | <b>60.04%</b>  |

Note:

Board of Directors of the Company at its meeting held on May 27, 2021 has identified Dr. Sura Surendranath Reddy as the Promoter. Accordingly the other share holders are considered as part of the Promoter Group

**18a. Instruments entirely equity in nature**

**Preference shares**

|  |          |          |          |              |
|--|----------|----------|----------|--------------|
| Series A Compulsory Convertible Preference Shares (CCPS) | -        | -        | -        | 14.13        |
| Series B Compulsory Convertible Preference Shares (CCPS) | -        | -        | -        | 10.00        |
| <b>Total preference shares</b>                           | <b>-</b> | <b>-</b> | <b>-</b> | <b>24.13</b> |

**i) Reconciliation of preference shares outstanding at the beginning and at the end of the reporting period/year:**

|   | As at June 30, 2021 |          | As at June 30, 2020 |          | As at March 31, 2021 |          | As at March 31, 2020 |          | As at March 31, 2019 |              |
|---|---------------------|----------|---------------------|----------|----------------------|----------|----------------------|----------|----------------------|--------------|
|   | Number of<br>shares | Amount   | Number of<br>shares | Amount   | Number of<br>shares  | Amount   | Number of<br>shares  | Amount   | Number of<br>shares  | Amount       |
| <b>Series A CCPS</b>                                    |                     |          |                     |          |                      |          |                      |          |                      |              |
| Shares outstanding at the beginning of the period/year  | -                   | -        | -                   | -        | -                    | -        | 14,13,071            | 14.13    | 14,13,071            | 14.13        |
| Shares issued/(converted) during the period/year        | -                   | -        | -                   | -        | -                    | -        | -14,13,071           | -14.13   | -                    | -            |
| <b>Shares outstanding at the end of the period/year</b> | <b>-</b>            | <b>-</b> | <b>-</b>            | <b>-</b> | <b>-</b>             | <b>-</b> | <b>-</b>             | <b>-</b> | <b>14,13,071</b>     | <b>14.13</b> |
| <b>Series B CCPS</b>                                    |                     |          |                     |          |                      |          |                      |          |                      |              |
| Shares outstanding at the beginning of the period/year  | -                   | -        | -                   | -        | -                    | -        | 3,005                | 10.00    | 3,005                | 10.00        |
| Shares issued/(converted) during the period/year        | -                   | -        | -                   | -        | -                    | -        | -3,005               | -10.00   | -                    | -            |
| <b>Shares outstanding at the end of the period/year</b> | <b>-</b>            | <b>-</b> | <b>-</b>            | <b>-</b> | <b>-</b>             | <b>-</b> | <b>-</b>             | <b>-</b> | <b>3,005</b>         | <b>10.00</b> |

**ii) Terms and rights attached to Compulsorily convertible preference shares:**

**Series A Cumulative Compulsorily Convertible Preference Shares (CCPS)**

Series A Preference Shares are cumulative, mandatorily and fully convertible preference shares of Rs. 10 each with 0.001% coupon. Series A preference shares shall be participating preference shares and shall be entitled to participate in any dividend distribution to holders of equity shares on a fully diluted basis. These shares are convertible into equity shares on or before a specified date agreed between the shareholders. Till the time the aforesaid CCPS are not converted, all of Series A preference shares shall collectively be entitled for one vote. These Series A preference shares are converted into one equity share during the year ended March 31, 2020.

**Series B Cumulative Compulsorily Convertible Preference Shares (CCPS)**

Series B Preference Shares are cumulative, mandatorily and fully convertible preference shares of Rs. 3,327.61 each with 0.001% coupon. Series B preference shares shall be participating preference shares and shall be entitled to participate in any dividend distribution to holders of equity shares on a fully diluted basis. These shares are convertible into equity shares on the occurrence of the earlier of (i) prior to filing a red herring prospectus in connection with initial public offering (ii) at the option of the preference share holder (iii) expiry of 10 years from the date of issuance. Till the time the aforesaid CCPS are not converted, all of Series B preference shares shall be entitled to voting rights on a pro-rata basis with the equity shares of the Company on a fully diluted basis. These Series B preference shares are converted in the ratio of 1:1 into equity shares during the year ended March 31, 2020.

The issue proceeds of Series A CCPS and Series B CCPS have been entirely classified under equity as they are settled with fixed number of entity's own equity instruments and meets the definition of "Equity Instruments" as defined in "Ind AS 32, Financial Instruments: Presentation".

iii) Details of shareholders holding more than 5% preference shares in the Company

|                           | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>CCPS Series A</b>      |                        |                        |                         |                         |                         |
| Dr. S. Surendranath Reddy | -                      | -                      | -                       | -                       | 1,393,588               |
| Shareholding %            | 0%                     | 0%                     | 0%                      | 0%                      | 98.62%                  |
| <b>CCPS Series B</b>      |                        |                        |                         |                         |                         |
| M/s. Karakoram Limited    | -                      | -                      | -                       | -                       | 2,897                   |
| Shareholding %            | 0%                     | 0%                     | 0%                      | 0%                      | 96.41%                  |

iv) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

|   | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 | March 31, 2018 | March 31, 2017 |
|---|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Allotted as fully paid up Series A CCPS by way of bonus | Nil           | Nil           | Nil            | Nil            | Nil            | Nil            | 14,13,071      |
| Allotted as fully paid up Series B CCPS by way of bonus | Nil           | Nil           | Nil            | Nil            | Nil            | Nil            | Nil            |

|  | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>18b. Other equity</b>   |                        |                        |                         |                         |                         |
| <b>i) Securities premium</b>   |                        |                        |                         |                         |                         |
| Balance at the commencement of the period/year                               | 515.67                 | 515.67                 | 515.67                  | 491.57                  | 491.57                  |
| Less: Issue of bonus equity shares   | (56.65)                | -                      | -                       | -                       | -                       |
| Add: Conversion of CCPS into equity shares                                   | -                      | -                      | -                       | 24.10                   | -                       |
| <b>Balance as at the end of the period/year</b>                              | <b>459.02</b>          | <b>515.67</b>          | <b>515.67</b>           | <b>515.67</b>           | <b>491.57</b>           |
| <b>ii) Employee stock options outstanding account</b>                        |                        |                        |                         |                         |                         |
| Balance at the commencement of the period/year                               | 8.28                   | 6.32                   | 6.32                    | 2.22                    | -                       |
| Add: Share options expense for the period/year                               | 3.73                   | 0.78                   | 1.96                    | 4.10                    | 2.22                    |
| <b>Balance as at the end of the period/year</b>                              | <b>12.01</b>           | <b>7.10</b>            | <b>8.28</b>             | <b>6.32</b>             | <b>2.22</b>             |
| <b>iii) General reserve</b>  |                        |                        |                         |                         |                         |
| Balance at the commencement of the period/year                               | 49.32                  | 49.32                  | 49.32                   | 49.32                   | 49.32                   |
| <b>Balance as at the end of the period/year</b>                              | <b>49.32</b>           | <b>49.32</b>           | <b>49.32</b>            | <b>49.32</b>            | <b>49.32</b>            |
| <b>iv) Retained earnings</b>   |                        |                        |                         |                         |                         |
| Balance at the commencement of the period/year                               | 2,971.47               | 2,128.80               | 2,128.80                | 1,461.29                | 1,004.11                |
| Ind AS 116 Transition Adjustment (net of taxes) (Refer Annexure VI)          | -                      | -                      | -                       | 43.43                   | -                       |
| Add: Surplus as per statement of profit and loss                             | 329.69                 | 19.13                  | 842.63                  | 625.38                  | 458.74                  |
| Items of other comprehensive income recognised directly in retained earnings |                        |                        |                         |                         |                         |
| Remeasurement of defined benefit obligation, net of tax                      | (0.22)                 | (1.09)                 | 0.04                    | (1.30)                  | (1.56)                  |
| <b>Balance as at the end of the period/year</b>                              | <b>3,300.94</b>        | <b>2,146.84</b>        | <b>2,971.47</b>         | <b>2,128.80</b>         | <b>1,461.29</b>         |
| <b>Total Other equity (i+ii+iii+iv)</b>                                      | <b>3,821.29</b>        | <b>2,718.93</b>        | <b>3,544.74</b>         | <b>2,700.11</b>         | <b>2,004.40</b>         |

**Nature and purpose of reserve**

**A. Securities premium**

Securities premium is used to record the premium on issue of shares. It is utilized in accordance with the provisions of the Companies Act, 2013.

**B. Employee stock options outstanding**

The Company has established equity settled share based payment plan for employees of the Company. [refer note 44 for details]

**C. General Reserve**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. 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 profit or loss.

**D. OCI - Remeasurement of Defined Benefit Plan**

OCI represents Re-measurement on defined employee benefit obligations: Difference between the interest income on plan assets and the return actually achieved, any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and subsequently not reclassified to statement of profit and loss.

**E. Retained earning**

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to shareholders.

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**  
**Annexure VII Notes to Restated Consolidated Financial Information**  
*(All amounts are in Rs in millions, except share data or otherwise stated)*

| Particulars   | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>19. Borrowings</b>   |                        |                        |                         |                         |                         |
| <b>i) Secured term loans [at Amortised cost]</b>  |                        |                        |                         |                         |                         |
| - from Banks  | -                      | 204.60                 | -                       | 219.58                  | 281.32                  |
| - from Others   | -                      | 55.44                  | -                       | 63.02                   | 90.66                   |
|   |                        |                        |                         |                         | -                       |
| <b>ii) Unsecured Loans [at Amortised cost]</b>  |                        |                        |                         |                         |                         |
| Loan from directors   | -                      | 32.75                  | 32.75                   | 32.75                   | 32.75                   |
|   | -                      | 292.79                 | 32.75                   | 315.35                  | 404.73                  |
| <b>Less: Current maturities of long-term borrowings</b>   | -                      | (95.38)                | -                       | (94.02)                 | (89.38)                 |
|   | -                      | <b>197.41</b>          | <b>32.75</b>            | <b>221.33</b>           | <b>315.35</b>           |
| <b>Note :</b>   |                        |                        |                         |                         |                         |
| <b>i. Terms of secured loans from banks:</b>  |                        |                        |                         |                         |                         |
| Term loans from banks are repayable in 36 - 84 equated monthly installments and carry an interest rate of 8.50% - 10.50% per annum. These loans are secured by exclusive charge on plant & machinery medical equipments purchased out of the respective loans. Further, the loans from banks to the extent of Rs. Nil (June 30, 2020: Rs. 260.03 million, March 31, 2021: Nil, March 31, 2020: Rs. 57.43 million and March 31, 2019: Rs. 78.07 million) is secured by personal guarantee of directors and loans taken by subsidiaries amounting to Rs. Nil (June 30, 2020: Nil, March 31, 2021: Nil, March 31, 2020: Rs. 3.60 million and March 31, 2019: Rs. 9.25 million) is further secured by corporate guarantee given by the Parent Company. These loans have been repaid during the year ended March 31, 2021. |                        |                        |                         |                         |                         |
| <b>ii. Terms of secured loans from others:</b>  |                        |                        |                         |                         |                         |
| Term loans from others are repayable in 36 - 72 equated monthly instalments and carries an interest rate of 7.4% - 9.4% per annum. These loans are secured by exclusive charge on plant and machinery-medical purchased out of the respective loans. These loans have been repaid during the year ended March 31, 2021.   |                        |                        |                         |                         |                         |
| <b>iii. Terms of unsecured loan from directors</b>  |                        |                        |                         |                         |                         |
| Loan from Directors is repayable in 3 to 5 years and carries an interest rate of 8% per annum. The loan is unsecured. These loans have been repaid during the period ended June 30, 2021.   |                        |                        |                         |                         |                         |
| <b>20. Other non-current financial liabilities</b>  |                        |                        |                         |                         |                         |
| Deferred payment liabilities - on purchase of medical equipments  | 0.73                   | 6.80                   | 2.18                    | 8.75                    | 18.73                   |
| <b>Total</b>  | <b>0.73</b>            | <b>6.80</b>            | <b>2.18</b>             | <b>8.75</b>             | <b>18.73</b>            |
| <b>21. Provisions (non-current)</b>   |                        |                        |                         |                         |                         |
| Provision for gratuity (Refer note 43)  | 22.09                  | 23.65                  | 19.60                   | 19.01                   | 10.38                   |
| Provision for Compensated Absences  | 10.99                  | 12.91                  | 10.89                   | 10.73                   | 8.16                    |
| Provision for Decommissioning Liability*  | 47.58                  | 40.23                  | 46.53                   | 37.67                   | 34.65                   |
| <b>Total</b>  | <b>80.66</b>           | <b>76.79</b>           | <b>77.02</b>            | <b>67.41</b>            | <b>53.19</b>            |
| <b>*Movement in provision for decommissioning liability:</b>  |                        |                        |                         |                         |                         |
| Opening balance   | 46.53                  | 37.67                  | 37.67                   | 34.65                   | 28.60                   |
| Add: Unwinding of interest expense  | 1.05                   | 0.89                   | 3.77                    | 3.44                    | 2.92                    |
| Add: Provision created during the period/year   | -                      | 1.67                   | 5.09                    | 1.63                    | 3.13                    |
| Less: Provision reversed during the period/year   | -                      | -                      | -                       | (2.05)                  | -                       |
| <b>Closing balance</b>  | <b>47.58</b>           | <b>40.23</b>           | <b>46.53</b>            | <b>37.67</b>            | <b>34.65</b>            |
| Decommissioning liability pertains to the cost of dismantling the assets from the leased premises. The liability is determined by the management based on the present value of the estimated future cash outflows for dismantling the assets.   |                        |                        |                         |                         |                         |
| <b>22. Deferred tax assets (net)</b>  |                        |                        |                         |                         |                         |
| <b>Deferred tax liability</b>   | <b>7.49</b>            | <b>3.91</b>            | <b>8.63</b>             | <b>30.48</b>            | <b>36.40</b>            |
| - On account of property, plant and equipment   | 5.83                   | 3.91                   | 7.80                    | 7.18                    | 14.28                   |
| - On account of fair value gains of mutual funds  | 1.66                   | -                      | 0.83                    | 23.30                   | 22.12                   |
| <b>Deferred tax asset</b>   | <b>77.04</b>           | <b>55.56</b>           | <b>69.60</b>            | <b>46.29</b>            | <b>48.18</b>            |
| - On account of employee benefits   | 9.28                   | 9.85                   | 8.29                    | 8.11                    | 5.64                    |
| - On account of credit impaired debts   | 3.81                   | 4.46                   | 3.81                    | 4.16                    | 5.27                    |
| - On account of property, plant and equipment   | 2.68                   | -                      | 2.07                    | 1.92                    | 1.60                    |
| - Decommissioning liability on property, plant and equipment  | 12.17                  | 10.30                  | 11.79                   | 9.46                    | 9.30                    |
| - Others  | 4.87                   | 5.07                   | 4.40                    | 4.64                    | 8.49                    |
| - On account of leases  | 44.23                  | 25.88                  | 39.24                   | 17.96                   | 17.84                   |
| - MAT credit entitlement  | -                      | -                      | -                       | 0.04                    | 0.04                    |
| <b>Deferred tax assets (net)</b>  | <b>69.55</b>           | <b>51.65</b>           | <b>60.97</b>            | <b>15.81</b>            | <b>11.78</b>            |

Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)  
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(All amounts are in Rs in millions, except share data or otherwise stated)

**Movement in deferred tax assets/ (liabilities)**

| On account of                     | Property, plant and equipment including decommissioning liability | Provision for employee benefits | Leases  | Fair value of Mutual Funds | Others | Total   |
|-----------------------------------|---|---------------------------------|---------|----------------------------|--------|---------|
| As at April 01, 2018              | 3.86  | 4.30                            | -       | (9.41)                     | 6.26   | 5.01    |
| (Charged)/ credited:              |   |                                 |         |                            |        |         |
| - to profit and loss              | (7.24)  | 0.77                            | 17.84   | (12.71)                    | 7.54   | 6.20    |
| - to OCI                          | -   | 0.57                            | -       | -                          | -      | 0.57    |
| As at March 31, 2019              | (3.38)  | 5.64                            | 17.84   | (22.12)                    | 13.80  | 11.78   |
| Ind AS 116 restatement adjustment | -   | -                               | (17.84) | -                          | -      | (17.84) |
| As at April 01, 2019              | (3.38)  | 5.64                            | -       | (22.12)                    | 13.80  | (6.06)  |
| (Charged)/ credited:              |   |                                 |         |                            |        |         |
| - to profit and loss              | 7.58  | 2.05                            | 17.96   | (1.18)                     | (4.96) | 21.45   |
| - to OCI                          | -   | 0.44                            | -       | -                          | -      | 0.44    |
| As at March 31, 2020              | 4.20  | 8.11                            | 17.96   | (23.30)                    | 8.84   | 15.81   |
| (Charged)/ credited:              |   |                                 |         |                            |        |         |
| - to profit and loss              | 2.19  | 1.12                            | 7.92    | 23.30                      | 0.69   | 35.22   |
| - to OCI                          | -   | 0.62                            | -       | -                          | -      | 0.62    |
| As at June 30, 2020               | 6.39  | 9.85                            | 25.88   | -                          | 9.53   | 51.65   |
| As at March 31, 2020              | 4.20  | 8.11                            | 17.96   | (23.30)                    | 8.84   | 15.81   |
| (Charged)/ credited:              |   |                                 |         |                            |        |         |
| - to profit and loss              | 1.86  | 0.30                            | 21.28   | 22.47                      | (0.63) | 45.28   |
| - to OCI                          | -   | (0.12)                          | -       | -                          | -      | (0.12)  |
| As at March 31, 2021              | 6.06  | 8.29                            | 39.24   | (0.83)                     | 8.21   | 60.97   |
| (Charged)/ credited:              |   |                                 |         |                            |        |         |
| - to profit and loss              | 2.96  | 0.93                            | 4.99    | (0.83)                     | 0.46   | 8.51    |
| - to OCI                          | -   | 0.06                            | -       | -                          | -      | 0.06    |
| As at June 30, 2021               | 9.02  | 9.28                            | 44.23   | (1.66)                     | 8.67   | 69.55   |

| Particulars                               | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>23. Other non-current liabilities</b>  |                        |                        |                         |                         |                         |
| Deferred revenue                          | 0.82                   | 0.91                   | 0.53                    | 1.18                    | 1.37                    |
|   | 0.82                   | 0.91                   | 0.53                    | 1.18                    | 1.37                    |
| <b>24. Borrowings</b>                     |                        |                        |                         |                         |                         |
| Secured :                                 |                        |                        |                         |                         |                         |
| Overdraft from bank                       | 11.92                  | 13.77                  | 11.97                   | 13.05                   | 19.53                   |
| Current Maturities of Longterm borrowings | -                      | 95.38                  | -                       | 94.02                   | 89.38                   |
|   | 11.92                  | 109.15                 | 11.97                   | 107.07                  | 108.91                  |

**Notes:**

Borrowing represents overdraft facility taken by the subsidiary. The said overdraft facility is secured with underlying Fixed Deposit given by Group and partner in the subsidiary. The loan carries an interest of 10% to 11% per annum.



Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)  
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(All amounts are in Rs in millions, except share data or otherwise stated)

| Particulars  | As at<br>June 30, 2021                                     | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|--|------------------------|-------------------------|-------------------------|-------------------------|
| <b>25. Trade payables</b>                                    |  |                        |                         |                         |                         |
| Due to micro and small enterprises (Refer note 39) (MSME)    | 1.01   | 0.07                   | 2.68                    | 0.33                    | -                       |
| Due to creditors other than micro and small enterprises*     | 258.24   | 201.73                 | 218.88                  | 216.60                  | 217.54                  |
| <b>Total</b>   | <b>259.25</b>  | <b>201.80</b>          | <b>221.56</b>           | <b>216.93</b>           | <b>217.54</b>           |
| *Includes amounts payable to related parties (refer note 45) |  |                        |                         |                         |                         |
| <b>Trade payables ageing schedule</b>                        |  |                        |                         |                         |                         |
| <b>As at June 30, 2021</b>                                   |  |                        |                         |                         |                         |
| Particulars  | Outstanding for following periods from due date of payment |                        |                         |                         |                         |
|  | Less than 1 Year   | 1-2 Years              | 2-3 Years               | More Than 3 Years       | Total                   |
| i) MSME  | 1.01   | -                      | -                       | -                       | 1.01                    |
| ii) Others   | 165.86   | 1.58                   | 2.66                    | 7.59                    | 177.69                  |
| iii) Disputed Dues-MSME                                      | -  | -                      | -                       | -                       | -                       |
| iv) Disputed Dues-Others                                     | -  | -                      | -                       | -                       | -                       |
| v) Unbilled dues   | 80.55  | -                      | -                       | -                       | 80.55                   |
| <b>Total</b>   | <b>247.42</b>  | <b>1.58</b>            | <b>2.66</b>             | <b>7.59</b>             | <b>259.25</b>           |
| <b>As at June 30, 2020</b>                                   |  |                        |                         |                         |                         |
| Particulars  | Outstanding for following periods from due date of payment |                        |                         |                         |                         |
|  | Less than 1 Year   | 1-2 Years              | 2-3 Years               | More Than 3 Years       | Total                   |
| i) MSME  | 0.07   | -                      | -                       | -                       | 0.07                    |
| ii) Others   | 99.01  | 3.20                   | 0.12                    | 14.76                   | 117.09                  |
| iii) Disputed Dues-MSME                                      | -  | -                      | -                       | -                       | -                       |
| iv) Disputed Dues-Others                                     | -  | -                      | -                       | -                       | -                       |
| v) Unbilled dues   | 84.64  | -                      | -                       | -                       | 84.64                   |
| <b>Total</b>   | <b>183.72</b>  | <b>3.20</b>            | <b>0.12</b>             | <b>14.76</b>            | <b>201.80</b>           |
| <b>As at March 31, 2021</b>                                  |  |                        |                         |                         |                         |
| Particulars  | Outstanding for following periods from due date of payment |                        |                         |                         |                         |
|  | Less than 1 Year   | 1-2 Years              | 2-3 Years               | More Than 3 Years       | Total                   |
| i) MSME  | 2.68   | -                      | -                       | -                       | 2.68                    |
| ii) Others   | 136.09   | 2.09                   | 2.86                    | 7.73                    | 148.77                  |
| iii) Disputed Dues-MSME                                      | -  | -                      | -                       | -                       | -                       |
| iv) Disputed Dues-Others                                     | -  | -                      | -                       | -                       | -                       |
| v) Unbilled dues   | 70.11  | -                      | -                       | -                       | 70.11                   |
| <b>Total</b>   | <b>208.88</b>  | <b>2.09</b>            | <b>2.86</b>             | <b>7.73</b>             | <b>221.56</b>           |
| <b>As on March 31, 2020</b>                                  |  |                        |                         |                         |                         |
| Particulars  | Outstanding for following periods from due date of payment |                        |                         |                         |                         |
|  | Less than 1 Year   | 1-2 Years              | 2-3 Years               | More Than 3 Years       | Total                   |
| i) MSME  | 0.33   | -                      | -                       | -                       | 0.33                    |
| ii) Others   | 160.29   | 2.85                   | -                       | 12.32                   | 175.46                  |
| iii) Disputed Dues-MSME                                      | -  | -                      | -                       | -                       | -                       |
| iv) Disputed Dues-Others                                     | -  | -                      | -                       | -                       | -                       |
| iv) Unbilled Dues  | 41.14  | -                      | -                       | -                       | 41.14                   |
| <b>Total</b>   | <b>201.76</b>  | <b>2.85</b>            | <b>-</b>                | <b>12.32</b>            | <b>216.93</b>           |
| <b>As on March 31, 2019</b>                                  |  |                        |                         |                         |                         |
| Particulars  | Outstanding for following periods from due date of payment |                        |                         |                         |                         |
|  | Less than 1 Year   | 1-2 Years              | 2-3 Years               | More Than 3 Years       | Total                   |
| i) MSME  | -  | -                      | -                       | -                       | -                       |
| ii) Others   | 182.08   | 0.57                   | (0.33)                  | 11.54                   | 193.86                  |
| iii) Disputed Dues-MSME                                      | -  | -                      | -                       | -                       | -                       |
| iv) Disputed Dues-Others                                     | -  | -                      | -                       | -                       | -                       |
| iv) Unbilled Dues  | 23.68  | -                      | -                       | -                       | 23.68                   |
| <b>Total</b>   | <b>205.76</b>  | <b>0.57</b>            | <b>(0.33)</b>           | <b>11.54</b>            | <b>217.54</b>           |

Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)  
Annexure VII Notes to Restated Consolidated Financial Information  
(All amounts are in Rs in millions, except share data or otherwise stated)

| Particulars   | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>26. Other current financial liabilities</b>  |                        |                        |                         |                         |                         |
| Interest accrued but not due on borrowings  | -                      | 13.99                  | 14.57                   | 13.25                   | 11.23                   |
| Capital creditors   | 5.58                   | 82.98                  | 6.81                    | 24.89                   | 18.81                   |
| Deferred payment liabilities - on purchase of medical equipments  | 6.01                   | 13.79                  | 8.31                    | 14.40                   | 12.32                   |
| Employee payables   | 71.38                  | 70.39                  | 31.58                   | 77.15                   | 70.76                   |
| Other payable   | -                      | 1.48                   | -                       | -                       | 1.84                    |
| <b>Total</b>  | <b>82.97</b>           | <b>182.63</b>          | <b>61.27</b>            | <b>129.69</b>           | <b>114.96</b>           |
| <b>27. Provisions (current)</b>   |                        |                        |                         |                         |                         |
| Provision for gratuity (Refer note 43)  | 5.89                   | 4.61                   | 5.22                    | 4.41                    | 5.14                    |
| Provision for compensated absences  | 2.99                   | 2.71                   | 2.14                    | 2.71                    | 2.41                    |
| Provision for disputed Customs duty matters*  | -                      | 3.25                   | -                       | 3.25                    | 3.25                    |
| <b>Total</b>  | <b>8.88</b>            | <b>10.57</b>           | <b>7.36</b>             | <b>10.37</b>            | <b>10.80</b>            |
| <b>*Movement in provision for disputed customs duty:</b>  |                        |                        |                         |                         |                         |
| Opening balance   | -                      | 3.25                   | 3.25                    | 3.25                    | 3.25                    |
| Add: Unwinding of interest expense  | -                      | -                      | -                       | -                       | -                       |
| Add: Provision created during the period/year   | -                      | -                      | -                       | -                       | -                       |
| Less: Provision reversed during the period/year   | -                      | -                      | (3.25)                  | -                       | -                       |
| <b>Closing balance</b>  | <b>-</b>               | <b>3.25</b>            | <b>-</b>                | <b>3.25</b>             | <b>3.25</b>             |
| *Provision of Rs 3.25 millions has been made in earlier years towards disputed customs duty matters. The Company during the year ended March 31, 2021 has written back the provision made, as the Company is not intending to redeem the goods held with Customs authority. |                        |                        |                         |                         |                         |
| <b>28. Other current liabilities</b>  |                        |                        |                         |                         |                         |
| Deferred revenue  | 1.18                   | 1.57                   | 1.57                    | 1.57                    | 1.68                    |
| Advance received  | -                      | -                      | -                       | -                       | 10.00                   |
| Statutory liabilities   | 20.16                  | 10.88                  | 18.88                   | 18.53                   | 18.88                   |
| <b>Total</b>  | <b>21.34</b>           | <b>12.45</b>           | <b>20.45</b>            | <b>20.10</b>            | <b>30.56</b>            |

Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)

Annexure VII Notes to Restated Consolidated Financial Information

(All amounts are in Rs in millions, except share data or otherwise stated)

| Particulars  | For 3 months<br>period ended<br>June 30, 2021 | For 3 months<br>period ended<br>June 30, 2020 | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--|---|---|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>29. Revenue from operations</b>   |   |   |                                      |                                      |                                      |
| Sale of Services   | 1,225.89                                      | 517.02  | 3,764.54                             | 3,386.79                             | 2,924.65                             |
| Other operating revenue  |   |   |                                      |                                      |                                      |
| - Sale of scrap  | 0.88  | -   | 2.58                                 | 1.09                                 | 0.68                                 |
| - Miscellaneous income   | 0.09  | 0.08  | 0.34                                 | 0.33                                 | 0.54                                 |
| <b>Total revenue from operations</b>   | <b>1,226.86</b>                               | <b>517.10</b>                                 | <b>3,767.46</b>                      | <b>3,388.21</b>                      | <b>2,925.87</b>                      |
| <b>30. Other income</b>  |   |   |                                      |                                      |                                      |
| Interest income on bank deposits and electricity deposits  | 27.33   | 19.83   | 92.09                                | 39.28                                | 26.41                                |
| Interest income on other financial assets carried at amortised cost  | 1.14  | 0.94  | 3.87                                 | 3.35                                 | 2.24                                 |
| Profit on sale of mutual fund investments  | -   | 1.85  | 1.57                                 | 49.02                                | 9.06                                 |
| Fair value gain on financial assets (mutual funds) measured at FVTPL   | 3.30  | -   | 3.29                                 | 16.81                                | 43.65                                |
| Net gain on sale/ retirement of property, plant and equipment  | 0.51  | 0.11  | 1.56                                 | 14.91                                | 3.68                                 |
| Liabilities no longer required written back  | -   | -   | 15.44                                | 7.35                                 | 17.36                                |
| Profit on slump sale (net of acquisition goodwill of Rs. Nil (March 31, 2021: Nil, June 30, 2020: Nil, March 31, 2020: Rs. 15.42 million, March 31, 2019: Rs. Nil) - Refer Note 48 | -   | -   | -                                    | 18.22                                | -                                    |
| Insurance claim received   | -   | -   | 0.51                                 | 2.84                                 | -                                    |
| Other non operating income   | 0.56  | 0.09  | 0.14                                 | 1.83                                 | 1.17                                 |
|  | <b>32.84</b>                                  | <b>22.82</b>                                  | <b>118.47</b>                        | <b>153.61</b>                        | <b>103.57</b>                        |
| <b>31. Cost of materials consumed</b>  |   |   |                                      |                                      |                                      |
| Inventory at the beginning of the period/year  | 26.44   | 27.73   | 27.73                                | 21.78                                | 24.21                                |
| Add: Purchases   | 247.35  | 83.12   | 569.66                               | 445.34                               | 402.35                               |
|  | 273.79  | 110.85  | 597.39                               | 467.12                               | 426.56                               |
| Less: Inventory at the end of the period/year  | (62.95)                                       | (35.31)                                       | (26.44)                              | (27.73)                              | (21.78)                              |
| Less: Transfer on account of slump sale  | -   | -   | -                                    | (0.33)                               | -                                    |
|  | <b>210.84</b>                                 | <b>75.54</b>                                  | <b>570.95</b>                        | <b>439.06</b>                        | <b>404.78</b>                        |
| <b>32. Employee benefits expense</b>   |   |   |                                      |                                      |                                      |
| Salaries, bonus and wages  | 143.95  | 113.41  | 513.74                               | 571.31                               | 497.22                               |
| Contribution to provident fund and other retirement benefits (Refer note 43)   | 7.88  | 6.42  | 29.93                                | 27.14                                | 25.79                                |
| Gratuity expenses  | 2.89  | 2.56  | 10.34                                | 8.93                                 | 7.28                                 |
| Compensated absences   | 2.66  | 2.94  | 2.49                                 | 5.79                                 | 2.75                                 |
| Share based payments - equity settled (refer note 44)  | 3.73  | 0.78  | 1.96                                 | 4.10                                 | 2.22                                 |
| Staff welfare expenses   | 0.36  | 2.41  | 15.89                                | 6.74                                 | 3.54                                 |
|  | <b>161.47</b>                                 | <b>128.52</b>                                 | <b>574.35</b>                        | <b>624.01</b>                        | <b>538.80</b>                        |
| <b>33. Finance costs</b>   |   |   |                                      |                                      |                                      |
| Interest on Borrowings measured at amortised cost  | 0.61  | 7.11  | 15.67                                | 34.07                                | 31.79                                |
| Interest on Deferred credit purchases and decommissioning liability  | 1.27  | 1.38  | 5.29                                 | 5.95                                 | 6.02                                 |
| Bank charges and other borrowing costs   | 4.54  | 1.90  | 17.38                                | 14.58                                | 12.83                                |
| Interest expense on lease liabilities (refer note 6)   | 33.61   | 28.01   | 114.13                               | 99.25                                | 84.69                                |
|  | <b>40.03</b>                                  | <b>38.40</b>                                  | <b>152.47</b>                        | <b>153.85</b>                        | <b>135.33</b>                        |
| <b>34. Depreciation and amortisation expense</b>   |   |   |                                      |                                      |                                      |
| Depreciation on Property, Plant & Equipment  | 72.26   | 75.34   | 335.68                               | 341.49                               | 277.08                               |
| Amortisation of intangible assets  | 1.65  | 1.17  | 4.64                                 | 6.26                                 | 3.54                                 |
| Depreciation of Right of use assets  | 45.30   | 39.84   | 164.21                               | 143.95                               | 115.64                               |
|  | <b>119.21</b>                                 | <b>116.35</b>                                 | <b>504.53</b>                        | <b>491.70</b>                        | <b>396.26</b>                        |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**

**Annexure VII Notes to Restated Consolidated Financial Information**

(All amounts are in Rs in millions, except share data or otherwise stated)

| Particulars   | For 3 months<br>period ended<br>June 30, 2021 | For 3 months<br>period ended<br>June 30, 2020 | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---|---|---|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>35. Other expenses</b>   |   |   |                                      |                                      |                                      |
| Power and fuel  | 30.09   | 25.47   | 101.92                               | 107.19                               | 92.89                                |
| Rent  | 3.04  | 0.61  | 6.62                                 | 14.78                                | 16.28                                |
| Testing charges   | 2.22  | 13.86   | 46.18                                | 8.90                                 | 7.52                                 |
| Samples collection charges  | 13.99   | 4.38  | 32.03                                | 19.86                                | 18.96                                |
| Repairs and maintenance   |   |   |                                      | -                                    | -                                    |
| - Buildings   | 6.77  | 3.09  | 15.03                                | 20.29                                | 11.06                                |
| - Plant and equipments  | 26.99   | 22.37   | 71.24                                | 76.76                                | 74.72                                |
| - Others  | 3.50  | 2.27  | 16.13                                | 18.13                                | 16.32                                |
| House keeping expenses  | 12.59   | 8.68  | 47.19                                | 51.02                                | 43.29                                |
| Security charges  | 9.95  | 9.08  | 37.58                                | 34.27                                | 28.13                                |
| Insurance   | 1.70  | 1.04  | 5.19                                 | 2.88                                 | 2.44                                 |
| Rates and taxes   | 1.52  | 0.94  | 7.07                                 | 5.29                                 | 4.05                                 |
| Advertisement, publicity and marketing  | 3.45  | 3.17  | 13.81                                | 32.47                                | 36.38                                |
| Business promotion  | 4.41  | 2.75  | 17.64                                | 20.79                                | 16.32                                |
| Travelling and conveyance   | 5.13  | 1.48  | 13.89                                | 19.77                                | 16.83                                |
| Legal and professional fees   | 145.09  | 64.70   | 462.01                               | 507.03                               | 454.43                               |
| Payment to auditors [refer note (i) below]  | -   | -   | 4.18                                 | 3.09                                 | 2.53                                 |
| Independent Directors Sitting Fees/ Commission  | 1.20  | -   | -                                    | -                                    | -                                    |
| Postage and communication   | 4.32  | 3.42  | 14.50                                | 13.79                                | 13.09                                |
| Printing and stationery   | 1.37  | 0.99  | 7.16                                 | 8.10                                 | 8.70                                 |
| Provision for bad and doubtful receivables  | -   | 1.37  | 3.39                                 | 4.61                                 | 12.07                                |
| Bad and doubtful debts written off  | -   | -   | 3.32                                 | 0.57                                 | 0.39                                 |
| Advances written-off  | -   | -   | 2.59                                 | 0.86                                 | -                                    |
| Expenditure on Corporate Social Responsibility [refer note (ii) below]  | 4.39  | 2.63  | 19.77                                | 14.47                                | 9.00                                 |
| Donations   | -   | -   | 0.08                                 | 0.15                                 | 0.10                                 |
| Miscellaneous expenses  | 4.28  | 2.33  | 13.87                                | 13.86                                | 15.59                                |
|   | <b>286.00</b>                                 | <b>174.63</b>                                 | <b>962.39</b>                        | <b>998.93</b>                        | <b>901.09</b>                        |
| <b>i) Payment to auditors (inclusive of taxes)</b>  |   |   |                                      |                                      |                                      |
| <b>Statutory auditors:</b>  |   |   |                                      |                                      |                                      |
| Statutory audit fees*   | -   | -   | 3.78                                 | 2.95                                 | 2.36                                 |
| Reimbursement of expenses   | -   | -   | 0.40                                 | 0.14                                 | 0.17                                 |
| <b>Total</b>  | <b>-</b>                                      | <b>-</b>                                      | <b>4.18</b>                          | <b>3.09</b>                          | <b>2.53</b>                          |
| * The special purpose audit fees will be recoverable from Dr. S Surendranath Reddy, Kalakoram Limited and Kedara capital alternative investment fund- Kedara capital AIF 1 upon successful completion of IPO in proportion to the shares that are expected to be offered to the public in offering. (Refer note 15) |   |   |                                      |                                      |                                      |
| <b>ii) Details of Corporate social responsibility expenditure</b>   |   |   |                                      |                                      |                                      |
| (i) Gross amount required to be spent by the Group during the period/year   | 4.39  | 3.46  | 13.84                                | 12.20                                | 10.15                                |
| (ii) Amount approved by the Board to be spent during the period/year  | 4.39  | 3.46  | 13.84                                | 12.20                                | 10.15                                |
| (iii) Amount spent during the period/year (in cash)   |   |   |                                      |                                      |                                      |
| - construction/ acquisition of any asset  | -   | -   | -                                    | -                                    | -                                    |
| - on purpose other than above   | 4.39  | 2.63  | 19.77                                | 14.47                                | 9.00                                 |
| (iv) (Shortfall) / Excess at the end of the period/year   | -   | (0.83)  | 5.93                                 | 2.27                                 | (1.15)                               |
| (v) Total of previous years shortfall   | -   | -   | -                                    | (5.93)                               | (8.20)                               |
| (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 period/year should be shown separately  | NA  | NA  | NA                                   | NA                                   | NA                                   |
| (viii) Reason for shortfall:  |   |   |                                      |                                      |                                      |
| For the period ending June 30, 2021, June 30, 2020 & year ending March 31, 2021: No shortfall   |   |   |                                      |                                      |                                      |
| For the year ending March 30, 2020 and March 30, 2019: The Company was in the process of identifying prospective project as per schedule VII of the Companies Act, 2013   |   |   |                                      |                                      |                                      |
| (ix) Nature of CSR activities:  |   |   |                                      |                                      |                                      |
| a) Payment to Prime minister national relief fund   |   |   |                                      |                                      |                                      |
| b) Skill development  |   |   |                                      |                                      |                                      |
| c) Education  |   |   |                                      |                                      |                                      |
| d) Rural development  |   |   |                                      |                                      |                                      |
| <b>36. Tax expenses:</b>  |   |   |                                      |                                      |                                      |
| <b>(a) Amount recognised in statement of profit and loss</b>  |   |   |                                      |                                      |                                      |
| Current tax   | 117.41  | 23.60   | 317.41                               | 230.64                               | 196.66                               |
| Deferred tax attributable to temporary differences  | (8.51)  | (35.22)                                       | (45.28)                              | (21.44)                              | (6.20)                               |
| <b>Tax expense</b>  | <b>108.90</b>                                 | <b>(11.62)</b>                                | <b>272.13</b>                        | <b>209.20</b>                        | <b>190.46</b>                        |
| <b>(b) Amount recognised in other comprehensive income</b>  |   |   |                                      |                                      |                                      |
| <b>Deferred tax related to items recognised in OCI</b>  |   |   |                                      |                                      |                                      |
| Deferred tax expense/(income) on remeasurements of defined benefit obligations  | (0.06)  | (0.62)  | 0.12                                 | (0.44)                               | (0.57)                               |
| <b>Income-tax expense/(income) recognised in OCI</b>  | <b>(0.06)</b>                                 | <b>(0.62)</b>                                 | <b>0.12</b>                          | <b>(0.44)</b>                        | <b>(0.57)</b>                        |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**

**Annexure VII Notes to Restated Consolidated Financial Information**

(All amounts are in Rs in millions, except share data or otherwise stated)

| Particulars   | For 3 months<br>period ended<br>June 30, 2021 | For 3 months<br>period ended<br>June 30, 2020 | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---|---|---|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>(c) Reconciliation of effective tax rate:</b>  |   |   |                                      |                                      |                                      |
| <b>Profit before tax</b>  | 442.15  | 6.48  | 1,121.24                             | 834.27                               | 653.18                               |
| Enacted tax rate in India*  | 25.17%  | 25.17%  | 25.17%                               | 25.17%                               | 29.12%                               |
| <b>Tax expense at enacted rates</b>   | <b>111.28</b>                                 | <b>1.63</b>                                   | <b>282.19</b>                        | <b>209.97</b>                        | <b>190.21</b>                        |
| <b>Tax effect of:</b>   |   |   |                                      |                                      |                                      |
| Non-deductible expenses   | (1.41)  | 0.66  | 2.46                                 | 1.13                                 | 1.02                                 |
| Unrecognised deferred taxes   | 0.11  | 0.22  | 0.53                                 | 4.64                                 | 6.87                                 |
| Tax exempt income   | -   | -   | -                                    | -                                    | (0.35)                               |
| Others  | (1.08)  | (14.13)                                       | (13.05)                              | (6.54)                               | (7.29)                               |
| <b>Income-tax recognised in the statement of profit and loss</b>  | <b>108.90</b>                                 | <b>(11.62)</b>                                | <b>272.13</b>                        | <b>209.20</b>                        | <b>190.46</b>                        |
| * The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated on September 20, 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 and tax rate is calculated at 22% plus applicable surcharge and cess. |   |   |                                      |                                      |                                      |
| <b>The following table provides the details of income tax assets and income tax liabilities:</b>  |   |   |                                      |                                      |                                      |
| Income-tax assets, (net)  | 3.70  | 8.81  | 5.70                                 | 9.13                                 | 8.41                                 |
| Current tax liabilities, (net)  | (78.54)                                       | (5.88)  | (16.24)                              | (14.47)                              | (15.99)                              |
|   | <b>(74.84)</b>                                | <b>2.93</b>                                   | <b>(10.54)</b>                       | <b>(5.34)</b>                        | <b>(7.58)</b>                        |
| Net income-tax liability at the beginning of the period/year  | (10.54)                                       | (5.34)  | (5.34)                               | (7.58)                               | 2.17                                 |
| Less: Current income tax expense  | (117.41)                                      | (23.60)                                       | (317.41)                             | (230.64)                             | (196.66)                             |
| Add: Tax paid during the period/year  | 53.11   | 31.87   | 312.21                               | 232.87                               | 186.92                               |
| <b>Net income tax liability as at the end of the period/year</b>  | <b>(74.84)</b>                                | <b>2.93</b>                                   | <b>(10.54)</b>                       | <b>(5.34)</b>                        | <b>(7.58)</b>                        |
| <b>37. Earnings per equity share</b>  |   |   |                                      |                                      |                                      |
| <b>Profit attributable to equity shareholders</b>   | <b>329.69</b>                                 | <b>19.13</b>                                  | <b>842.63</b>                        | <b>625.38</b>                        | <b>458.74</b>                        |
| Original number of equity shares (post share split)*  | 101,965,926                                   | 45,318,190                                    | 45,318,190                           | 45,318,190                           | 45,288,130                           |
| Add: Impact of bonus issue effected during period ended June 30, 2021 (Refer Note 51)   | -   | 56,647,736                                    | 56,647,736                           | 56,647,736                           | 56,610,162                           |
| <b>Weighted average number of equity shares for basic EPS (Nos.)</b>  | <b>101,965,926</b>                            | <b>101,965,926</b>                            | <b>101,965,926</b>                   | <b>101,965,926</b>                   | <b>101,898,292</b>                   |
| Add: Unlisted, unsecured debentures / Preference Shares compulsorily convertible into equity shares (Nos.)  | -   | -   | -                                    | -                                    | 30,060                               |
| Add: Dilutive impact of Outstanding employee share based options  | -   | 9,368   | 17,139                               | 19,463                               | 9,361                                |
| Add: Impact of bonus issue effected during period ended June 30, 2021 (Refer Note 51)   | -   | 11,710  | 21,424                               | 24,329                               | 49,276                               |
| <b>Weighted average number of equity shares for dilutive EPS (Nos.) (Non Annualized for the period ended June 30, 2021 and June 30, 2020)</b>   | <b>101,965,926</b>                            | <b>101,987,004</b>                            | <b>102,004,489</b>                   | <b>102,009,718</b>                   | <b>101,986,989</b>                   |
| Basic earnings per share (in Rs.)   | 3.23  | 0.19  | 8.26                                 | 6.13                                 | 4.50                                 |
| Diluted earning per share (in Rs.)  | 3.23  | 0.19  | 8.26                                 | 6.13                                 | 4.50                                 |
| Face value per equity Share (in Rs.)  |   |   |                                      |                                      |                                      |
| *The Company on March 22, 2021, has split the Rs. 10 equity share into 10 shares of Re. 1 each. Accordingly, the earnings per share has been adjusted for subdivision of shares for the current and previous years presented in accordance with the requirements of Indian Accounting Standard (Ind AS) 33 - Earnings per share.  |   |   |                                      |                                      |                                      |

**38 Contingent liabilities and commitments (to the extent not provided for)**

**Contingent liabilities**

|  | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| Claims against the Company not acknowledged as debts:<br>Demand for Provident Fund for the year 1998-2001 [refer note (i) below] | 0.56                   | 0.56                   | 0.56                    | 0.56                    | 0.56                    |

**Notes:**

i. Provident fund matter relates to the years 1998-2001 towards interest and provident fund.

The Group based on its legal assessment do not believe that any of the pending claims require a provision as at the balance sheet date, as the likelihood of the probability of an outflow of resources at this point of time is low.

**Capital and other commitments**

|  | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) | 79.09                  | 148.82                 | 73.23                   | 134.87                  | 7.48                    |

**39 Dues to micro and small enterprises**

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

| Particulars  | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|--|---------------|---------------|----------------|----------------|----------------|
| (a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting period/year;  |               |               |                |                |                |
| - Principal  | 1.01          | 0.07          | 2.68           | 0.33           | -              |
| - Interest   | -             | -             | -              | -              | -              |
| (b) the amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting period/year;   | -             | -             | -              | -              | -              |
| (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 this MSMED Act;   | -             | -             | -              | -              | -              |
| (d) the amount of interest accrued and remaining unpaid at the end of the each accounting period/year; and   | -             | -             | -              | -              | -              |
| (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act. | -             | -             | -              | -              | -              |

**Note:** The list of undertakings covered under MSMED Act was determined by the Group on the basis of information available with the Group and has been relied upon by the auditors.

**40 Segment reporting**

**A. Basis for segmentation**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments results are reviewed regularly by the Group's Chairman and CEO to make decisions about resources to be allocated to the segments and assess their performance.

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators at operational unit level and since there is single operating segment, no segment disclosures of the Group is presented. The Group's operations fall within a single business segment "Diagnostic services".

**B. Major customers**

Revenue from any single customer of the Group's operating segment does not exceed 10% of the total revenue reported and hence the Management believes that there are no major customers to be disclosed.

**41 Purchase commitments towards reagent kits**

The Company has entered into agreements with certain suppliers for purchase of reagents which include the right to use equipment during the life of the agreement in addition to purchase of minimum committed quantities of reagents every year. These agreements are in substance, cost of reagents and services arrangements provided by the supplier on an annual basis and the minimum purchase commitments therein do not result in more than insignificant penalty on termination of the agreement. The cost of reagents which includes the cost of rental of the equipment is recorded as cost of material consumed.

**42** 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.

#### 43 Employee benefit plans

##### (a) Defined contribution plans

Contributions were made to provident fund and Employee State Insurance in India for the employees of the Group as per the regulations. These contributions are made to registered funds administered by the Government of India and other funds. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any other constructive obligation. The expense recognised during the period in the restated consolidated statement of profit and loss towards defined contribution plan is Rs. 7.88 million (June 30, 2020: 6.42 million. March 31, 2021: Rs. 29.93 million, March 31, 2020: Rs. 27.14 million and March 31, 2019: Rs. 25.79 million)

##### (b) Defined benefit plan

The Group provides for Gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for Gratuity. The amount of Gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service or part thereof in excess of six months, restricted to a sum of Rs. 20.00 lakhs.

The Gratuity plan of the Parent Company is administered through a Gratuity Scheme with Life Insurance Corporation of India ('LIC'). The Parent Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. The Gratuity plans of subsidiaries are unfunded.

This defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

##### i. Reconciliation of the net defined benefit (asset)/ liability

The amounts recognised in the balance sheet and the movements in the defined benefit obligation and fair value of plan assets over the year are as follows:

###### As at March 31, 2019

|   | Present value of obligation | Fair value of plan assets | Net amount   |
|---|-----------------------------|---------------------------|--------------|
| <b>Opening balance</b>  | <b>25.21</b>                | <b>13.34</b>              | <b>11.87</b> |
| Current service cost  | 6.43                        | -                         | 6.43         |
| Interest expense/ (income)  | 1.90                        | (1.05)                    | 0.85         |
| <b>Recognised in statement of profit or loss</b>                      | <b>8.33</b>                 | <b>(1.05)</b>             | <b>7.28</b>  |
| <i>Remeasurements</i>   |                             |                           |              |
| Return on plan assets, excluding amounts included in interest expense | -                           | 1.62                      | 1.62         |
| <b>Actuarial (gains)/ losses arising from:</b>                        |                             |                           |              |
| - Changes in demographic assumptions                                  | -                           | -                         | -            |
| - Changes in financial assumptions                                    | 0.61                        | -                         | 0.61         |
| - Experience variance (i.e. actual experience vs assumptions)         | (0.04)                      | -                         | (0.04)       |
| <b>Re-measurements recognised in other comprehensive income</b>       | <b>0.57</b>                 | <b>1.62</b>               | <b>2.19</b>  |
| Contribution paid to the plan   | -                           | 5.50                      | (5.50)       |
| Benefits paid   | (2.11)                      | (1.79)                    | (0.32)       |
| <b>Closing balance</b>  | <b>32.00</b>                | <b>16.48</b>              | <b>15.52</b> |

###### As at March 31, 2020

|   | Present value of obligation | Fair value of plan assets | Net amount   |
|---|-----------------------------|---------------------------|--------------|
| <b>Opening balance</b>  | <b>32.00</b>                | <b>16.48</b>              | <b>15.52</b> |
| Current service cost  | 7.86                        | -                         | 7.86         |
| Interest expense/ (income)  | 2.27                        | (1.20)                    | 1.07         |
| <b>Recognised in statement of profit or loss</b>                      | <b>10.13</b>                | <b>(1.20)</b>             | <b>8.93</b>  |
| <i>Remeasurements</i>   |                             |                           |              |
| Return on plan assets, excluding amounts included in interest expense | -                           | 0.43                      | 0.43         |
| <b>Actuarial (gains)/ losses arising from:</b>                        |                             |                           |              |
| - Changes in demographic assumptions                                  | -                           | -                         | -            |
| - Changes in financial assumptions                                    | 2.31                        | -                         | 2.31         |
| - Experience variance (i.e. actual experience vs assumptions)         | (0.99)                      | -                         | (0.99)       |
| <b>Re-measurements recognised in other comprehensive income</b>       | <b>1.32</b>                 | <b>0.43</b>               | <b>1.75</b>  |
| Contribution paid to the plan   | -                           | 0.33                      | (0.33)       |
| Benefits paid   | (5.29)                      | (2.84)                    | (2.45)       |
| <b>Closing balance</b>  | <b>38.16</b>                | <b>14.74</b>              | <b>23.42</b> |

###### As at March 31, 2021

|   | Present value of obligation | Fair value of plan assets | Net amount   |
|---|-----------------------------|---------------------------|--------------|
| <b>Opening balance</b>  | <b>38.16</b>                | <b>14.74</b>              | <b>23.42</b> |
| Current service cost  | 8.90                        | -                         | 8.90         |
| Interest expense/ (income)  | 2.37                        | (0.93)                    | 1.44         |
| <b>Recognised in statement of profit or loss</b>                      | <b>11.27</b>                | <b>(0.93)</b>             | <b>10.34</b> |
| <i>Remeasurements</i>   |                             |                           |              |
| Return on plan assets, excluding amounts included in interest expense | -                           | 0.24                      | 0.24         |
| <b>Actuarial (gains)/ losses arising from:</b>                        |                             |                           |              |
| - Changes in demographic assumptions                                  | -                           | -                         | -            |
| - Changes in financial assumptions                                    | 0.41                        | -                         | 0.41         |
| - Experience variance (i.e. actual experience vs assumptions)         | (0.63)                      | -                         | (0.63)       |
| <b>Re-measurements recognised in other comprehensive income</b>       | <b>(0.22)</b>               | <b>0.24</b>               | <b>0.02</b>  |
| Contribution paid to the plan   | -                           | 8.18                      | (8.18)       |
| Benefits paid   | (3.89)                      | (3.11)                    | (0.78)       |
| <b>Closing balance</b>  | <b>45.32</b>                | <b>20.50</b>              | <b>24.82</b> |

As at June 30, 2020

|   | Present value of obligation | Fair value of plan assets | Net amount   |
|---|-----------------------------|---------------------------|--------------|
| <b>Opening balance</b>  | <b>38.16</b>                | <b>14.74</b>              | <b>23.42</b> |
| Current service cost  | 2.21                        | -                         | 2.21         |
| Interest expense/ (income)  | 0.58                        | (0.23)                    | 0.35         |
| <b>Recognised in statement of profit or loss</b>                      | <b>2.79</b>                 | <b>(0.23)</b>             | <b>2.56</b>  |
| <i>Remeasurements</i>   |                             |                           |              |
| Return on plan assets, excluding amounts included in interest expense | -                           | 0.14                      | 0.14         |
| <b>Actuarial (gains)/ losses arising from:</b>                        |                             |                           |              |
| - Changes in demographic assumptions                                  | -                           | -                         | -            |
| - Changes in financial assumptions                                    | 2.34                        | -                         | 2.34         |
| - Experience variance (i.e. actual experience vs assumptions)         | 0.12                        | -                         | 0.12         |
| <b>Re-measurements recognised in other comprehensive income</b>       | <b>2.46</b>                 | <b>0.14</b>               | <b>2.60</b>  |
| Contribution paid to the plan   | -                           | -                         | -            |
| Benefits paid   | (0.32)                      | -                         | (0.32)       |
| <b>Closing balance</b>  | <b>43.09</b>                | <b>14.83</b>              | <b>28.26</b> |

As at June 30, 2021

|   | Present value of obligation | Fair value of plan assets | Net amount   |
|---|-----------------------------|---------------------------|--------------|
| <b>Opening balance</b>  | <b>45.32</b>                | <b>20.50</b>              | <b>24.82</b> |
| Current service cost  | 2.52                        | -                         | 2.52         |
| Interest expense/ (income)  | 0.67                        | (0.31)                    | 0.37         |
| <b>Recognised in statement of profit or loss</b>                      | <b>3.19</b>                 | <b>(0.31)</b>             | <b>2.89</b>  |
| <i>Remeasurements</i>   |                             |                           |              |
| Return on plan assets, excluding amounts included in interest expense | -                           | -                         | -            |
| <b>Actuarial (gains)/ losses arising from:</b>                        |                             |                           |              |
| - Changes in demographic assumptions                                  | -                           | -                         | -            |
| - Changes in financial assumptions                                    | 0.30                        | -                         | 0.30         |
| - Experience variance (i.e. actual experience vs assumptions)         | (0.99)                      | 0.97                      | (0.02)       |
| <b>Re-measurements recognised in other comprehensive income</b>       | <b>(0.69)</b>               | <b>0.97</b>               | <b>0.28</b>  |
| Contribution paid to the plan   | -                           | -                         | -            |
| Benefits paid   | -                           | -                         | -            |
| <b>Closing balance</b>  | <b>47.82</b>                | <b>19.84</b>              | <b>27.98</b> |

ii. Plan assets

Plan assets comprises of the following:

Funds managed by Life Insurance Corporation of India

| June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---------------|---------------|----------------|----------------|----------------|
| 100%          | 100%          | 100%           | 100%           | 100%           |

iii. Actuarial assumptions

Principal actuarial assumptions for defined benefit obligation are as follows:

|                        | June 30, 2021    | June 30, 2020    | March 31, 2021   | March 31, 2020   | March 31, 2019   |
|------------------------|------------------|------------------|------------------|------------------|------------------|
| Discount rate          | 6.05%            | 5.45%            | 6.15%            | 6.30%            | 7.25%            |
| Salary escalation rate | 6.00% to 8.00%   | 6.00% to 8.00%   | 6.00% to 8.00%   | 6.00% to 8.00%   | 6.00% to 8.00%   |
| Attrition rate         | 10.00% to 15.00% | 10.00% to 15.00% | 10.00% to 15.00% | 10.00% to 15.00% | 10.00% to 15.00% |

**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.

**Attrition rate:** Represents the Group's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

iv. 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 and current service cost by the amounts shown below:

| Change in assumption        | Impact on defined benefit obligation |               |               |               |                |                |                |                |                |                |
|-----------------------------|--------------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                             | June 30, 2021                        | June 30, 2021 | June 30, 2020 | June 30, 2020 | March 31, 2021 | March 31, 2021 | March 31, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2019 |
|                             | Increase by                          | Decrease by   | Increase by   | Decrease by   | Increase by    | Decrease by    | Increase by    | Decrease by    | Increase by    | Decrease by    |
| Discount rate - 1%          | 2.95                                 | 3.30          | 2.78          | 3.14          | 2.78           | 3.12           | 2.66           | 2.37           | 2.45           | 1.81           |
| Salary escalation rate - 1% | 3.24                                 | 2.95          | 3.05          | 2.49          | 3.03           | 2.76           | 2.36           | 2.59           | 1.95           | 1.99           |
| Attrition rate - 1%         | 2.92                                 | 4.73          | 3.26          | 5.56          | 2.73           | 4.39           | 3.79           | 2.39           | 2.43           | 1.48           |

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the consolidated balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.



**v. Expected contributions to the plan for the next annual reporting period**

Expected contribution to post-employment benefit plans for the next year ending June 30, 2022 is Rs. 34.30 millions (March 31, 2022: Rs. 5.22 millions, June 30, 2021: Rs. 34.56 millions, March 31, 2021 - Rs. 4.50 millions, March 31, 2020 - Rs. 5.00 millions)

**vi. Maturity profile of the defined benefit liability**

The weighted average duration of the defined benefit obligation is 7 years (June 30, 2020: 7 Years) & (March 31, 2021: 7 years) & (March 31, 2020: 4 years) & (March 31, 2019: 6 years). The expected maturity analysis of defined benefit obligation on an undiscounted basis is as follows:

|                | Less than a year | Between 2-5 years | Between 6-10 years | More than 10 Years |
|----------------|------------------|-------------------|--------------------|--------------------|
| June 30, 2021  | 5.89             | 22.44             | 20.95              | 26.62              |
| June 30, 2020  | 4.61             | 19.76             | 18.28              | 23.71              |
| March 31, 2021 | 5.22             | 21.79             | 20.34              | 25.06              |
| March 31, 2020 | 4.41             | 18.58             | 16.91              | 22.18              |
| March 31, 2019 | 5.14             | 16.20             | 14.52              | 18.28              |

**44 Share based payments**

**VDCPL Employee Stock Option Plan 2018 "The Plan" or "ESOP 2018"**

The shareholders of the Company approved "VDCPL Employee Stock Option Plan 2018 (ESOP 2018)" at the Extraordinary General Meeting held on May 03, 2018 to grant a maximum of 1,625,000 options to specified categories of employees of the Company. Each option granted and vested under ESOP 2018 shall entitle the holder to acquire one equity share of face value of Rs. 1 each of the Company. The aforementioned shares are post subdivision of equity shares (refer note 17(vi)).

The Plan consists of six schemes with various vesting periods from the grant date subject to satisfaction of vesting conditions. The method of settlement under the Plan is by issue of equity shares of the Company and there are no cash settlement alternatives for the employees.

The time and performance based options under Scheme 1 become eligible on an annual basis at 30%, 30%, 20% and 20% over a period of four years and vesting starts from second year. The time and performance based options under Scheme 2 become eligible on an annual basis at 25%, 25%, 25% and 25% over a period of four years and vesting starts from third year. The time based options under Scheme 3 become eligible on an annual basis at 25%, 25%, 25% and 25% over a period of four years and vesting starts from third year. The time based options under Scheme 4 become eligible on annual basis at 100% and vest on second year from the grant date. The time based options under Scheme 5 become eligible and vest on an annual basis at 25%, 25%, and 50% over a period of three years. The time and performance based options under Scheme 6 become eligible and vest on an annual basis at 18%, 25%, 33% and 24% over a period of four years. Vested options can be exercised over a period of ten years from the grant date. The Exercise Price is the fair value of the equity share as on the date of the grant.

The Company accordingly granted 933,808 options under four grants of 463,750 options, 9,000 options, 75,780 options and 385,278 options to eligible employees on May 10, 2018, October 31, 2018, April 01, 2019 and March 25, 2021 respectively, under ESOP 2018 - Scheme 1, Scheme 2, Scheme 3, Scheme 4, Scheme 5 and Scheme 6. The aforementioned shares are post subdivision of equity shares (refer note 17(vi)).

The fair value of equity share options is estimated at the date of grant using Black- Scholes model, taking into account the terms and conditions upon which the share options were granted. Based on the historical trends, 50% of stock options are expected to be vested and exercised, accordingly the total compensation cost recognised in the statement of profit and loss is Rs. 3.73 million (June 30, 2020: 0.78 million, March 31, 2021: 1.96 million, March 31, 2020: Rs. 4.10 million and March 31, 2019 - Rs 2.22 million).

Also, refer note 51 for issue of bonus shares made during the period ended June 30, 2021. Employee stock options, exercise price, fair value mentioned below are pre bonus issuance.

**(A) Details of options granted under ESOP 2018\* are as below:**

| Grant     | Grant date | Number of options granted | Number of options outstanding | Exercise Price (in INR) | Fair value at grant date (in INR) |
|-----------|------------|---------------------------|-------------------------------|-------------------------|-----------------------------------|
| 1st Grant | 10-May-18  | 463,750                   | -                             | 220.00                  | 222.10                            |
| 2nd Grant | 31-Oct-18  | 9,000                     | -                             | 233.90                  | 233.90                            |
| 3rd Grant | 1-Apr-19   | 75,780                    | -                             | 236.90                  | 236.90                            |
| 4th Grant | 25-Mar-21  | 385,278                   | 385,278                       | 250.00                  | 250.00                            |

\* The aforementioned shares are post subdivision of equity shares (refer note 17(vi)).

**(B) The movement of stock options during the period/year (in No's)\* :**

|   | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|---------------|---------------|----------------|----------------|----------------|
| Balance at the beginning of the period/year | 544,508       | 214,230       | 214,230        | 138,450        | -              |
| Granted during the period/year              | -             | -             | 385,278        | 75,780         | 472,750        |
| Vested/exercisable during the period/year   | -             | -             | -              | -              | -              |
| Forfeited during the period/year            | 159,230       | 25,000        | 55,000         | -              | 334,300        |
| Exercised during the period/year            | -             | -             | -              | -              | -              |
| Balance at the end of the period/year       | 385,278       | 189,230       | 544,508        | 214,230        | 138,450        |

\* The aforementioned shares are post subdivision of equity shares (refer note 17(vi)).

**(C) Disclosures as per IND AS 102 for outstanding options \* :**

|  | June 30, 2021 | June 30, 2020   | March 31, 2021  | March 31, 2020  | March 31, 2019  |
|--|---------------|-----------------|-----------------|-----------------|-----------------|
| Weighted average exercise price for outstanding options at period/year end (in INR)    | 249.70        | 225.19          | 241.89          | 226.56          | 220.90          |
| Weighted average remaining contractual life for outstanding options at period/year end | 9.74 years    | 8.13 years      | 9.19 years      | 8.45 years      | 9.15 years      |
| Range of exercise prices for outstanding options at period/year end (in INR)           | 250.00        | 220.00 - 236.90 | 220.00 - 250.00 | 220.00 - 236.90 | 220.00 - 233.90 |

\* The aforementioned shares are post subdivision of equity shares (refer note 17(vi)).

**(D) The key assumption used to estimate the fair value of stock option as on grant date:**

| Grant date | Dividend yield | Risk-free interest rate | Expected life of options granted in years | Expected volatility |
|------------|----------------|-------------------------|---|---------------------|
| 10-May-18  | 0%             | 7.95%                   | 5.5 Years to 7 Year:                      | 21.32%              |
| 31-Oct-18  | 0%             | 7.84%                   | 5.5 Years to 7 Year:                      | 24.95%              |
| 1-Apr-19   | 0%             | 7.15%                   | 5.5 Years to 7 Year:                      | 29.52%              |
| 25-Mar-21  | 0%             | 6.12%                   | 5.5 Years to 7 Year:                      | 43.78%              |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**
**Annexure VII Notes to Restated Consolidated Financial Information**
*(All amounts are in Rs in millions, unless otherwise stated)*
**45 Related parties**
**(a) Details of related parties**

| Description of relationship                     | Name of the related parties  |
|---|--|
| Persons exercising control                      | Dr. S Surendranath Reddy (Executive Chairman) (also a KMP)   |
| Key Management Personnel (KMP)                  | Dr. S Surendranath Reddy (Executive Chairman)<br>S Suprita Reddy (Chief Executive Officer), Retired as Managing Director w.e.f October 31, 2019 and appointed as CEO w.e.f November 01, 2019.<br>K Sunil Chandra (Executive Director)<br>S Geetha Reddy (Additional Director w.e.f November 21, 2019)<br>Nishanth Sharma (Nominee Director)<br>Y K Priyadarshini (Company Secretary upto July 07, 2018 )<br>Vijay Gupta (Company Secretary w.e.f October 15, 2018 upto June 03, 2019 )<br>V Sri Lakshmi (Company Secretary w.e.f July 18 2019)<br>Sandhya Rani.S (Chief Financial Officer upto April 18, 2021)<br>Narasimha Raju.K.A(Chief Financial Officer w.e.f May 01, 2021) |
| Subsidiaries                                    | Medinova Diagnostic Services Limited<br>Doctors Lab Medical Services Private Limited<br>VDC Diagnostics (Karnataka) LLP  |
| Step down subsidiaries                          | Namrata Diagnostic Centre Private Limited<br>Medinova Millennium MRI Services LLP  |
| Enterprise where KMP has Significance Influence | Vijaya Hospitals Private Limited<br><br>Summit Nutracueticals Private Limited<br>Kshetra Agritech Private Limited<br>Trikona Pharmaceuticals Private Limited<br>Trikona Holdings LLP<br>Vijaya Holdings India LLP<br>Vaishnavi Diagnostic Private Limited<br>S Square Properties LLP<br>Park Health Systems Private Limited<br>IFFCO Kisan Sez Limited   |
| Relative of KMP                                 | B Vishnu Priya (Wife of K Sunil Chandra)<br>C Damodar Reddy (Husband of S Suprita Reddy)<br>C Rhea Reddy (Daughter of S Suprita Reddy)<br>C Arjun Reddy (Son of S Suprita Reddy)<br>S Suhas Reddy (Son of K Sunil Chandra)<br>S Sushmita Reddy (Daughter of K Sunil Chandra)   |
| Independent Directors                           | Dr.D.Nageshwar Reddy<br>Mr. S P Singh<br>Mr. Satyanarayana Murthy Chavali<br>Mr. P S Narasimha   |
| Controlled Trust                                | Vijaya Diagnostic Charitable Trust   |

**(b) Details of transactions during the period/year:**

|                                     | For the period ended<br>June 30, 2021 | For the period ended<br>June 30, 2020 | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Rent paid</b>                    |                                       |                                       |                                      |                                      |                                      |
| Dr. S Surendranath Reddy            | 10.53                                 | 5.85                                  | 36.27                                | 38.36                                | 34.66                                |
| K Sunil Chandra                     | 2.61                                  | 1.16                                  | 7.22                                 | 7.61                                 | 7.18                                 |
| S Suprita Reddy                     | 1.75                                  | 0.65                                  | 4.08                                 | 4.33                                 | 4.21                                 |
| S Geetha Reddy                      | 9.21                                  | 3.69                                  | 22.78                                | 24.16                                | 20.44                                |
| B Vishnu Priya                      | 0.04                                  | 0.02                                  | 0.15                                 | 0.16                                 | 0.14                                 |
| Vijaya Hospitals Private Limited    | 2.50                                  | 1.46                                  | 8.95                                 | 9.78                                 | 9.26                                 |
| <b>Rental deposits given, net *</b> |                                       |                                       |                                      |                                      |                                      |
| Dr. S Surendranath Reddy            | -                                     | -                                     | -                                    | 1.51                                 | 5.02                                 |
| S Suprita Reddy                     | 1.26                                  | -                                     | 0.82                                 | 0.35                                 | 0.17                                 |
| K Sunil Chandra                     | -                                     | -                                     | 0.82                                 | -                                    | 0.28                                 |
| S Geetha Reddy                      | 1.26                                  | -                                     | 4.24                                 | -                                    | 3.85                                 |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**  
**Annexure VII Notes to Restated Consolidated Financial Information**  
*(All amounts are in Rs in millions, unless otherwise stated)*

|   | For the period<br>ended<br>June 30, 2021 | For the period<br>ended<br>June 30, 2020 | For the year<br>ended<br>March 31, 2021 | For the year<br>ended<br>March 31, 2020 | For the year<br>ended<br>March 31, 2019 |
|---|--|--|---|---|---|
| <b>Purchase of consumables</b>                              |  |  |   |   |   |
| Park Health Systems Private Limited                         | -  | -  | 0.10                                    | -                                       | -                                       |
| <b>Sale of services</b>                                     |  |  |   |   |   |
| Park Health Systems Private Limited                         | 1.79                                     | 1.09                                     | 6.54                                    | 5.54                                    | 16.53                                   |
| <b>Loans Repaid</b>   |  |  |   |   |   |
| Dr. S Surendranath Reddy                                    | 28.50                                    | -  | -                                       | -                                       | -                                       |
| K Sunil Chandra   | 4.25                                     | -  | -                                       | -                                       | -                                       |
| <b>Interest expense</b>                                     |  |  |   |   |   |
| Dr. S Surendranath Reddy                                    | 0.35                                     | 0.57                                     | 2.28                                    | 2.28                                    | 2.28                                    |
| K Sunil Chandra   | 0.05                                     | 0.09                                     | 0.34                                    | 0.34                                    | 0.34                                    |
| <b>Remuneration to KMP and their relatives</b>              |  |  |   |   |   |
| Dr. S Surendranath Reddy                                    | 4.67                                     | 3.00                                     | 16.50                                   | 18.00                                   | 18.00                                   |
| K Sunil Chandra   | 1.83                                     | 1.00                                     | 5.50                                    | 6.00                                    | 6.00                                    |
| S Suprita Reddy   | 4.79                                     | 2.50                                     | 13.75                                   | 15.00                                   | 12.00                                   |
| <b>Salaries to KMP</b>                                      |  |  |   |   |   |
| Y K Priyadarshini   | -  | -  | -                                       | -                                       | 0.24                                    |
| Vijay Gupta   | -  | -  | -                                       | 0.13                                    | 0.35                                    |
| V Sri Lakshmi   | 0.25                                     | 0.18                                     | 0.85                                    | 0.62                                    | -                                       |
| Sandhya Rani.S  | 4.14                                     | 1.49                                     | 8.65                                    | 9.08                                    | 8.14                                    |
| Narasimha Raju K.A  | 0.86                                     | -  | -                                       | -                                       | -                                       |
| <b>Independent directors sitting fee/commission</b>         |  |  |   |   |   |
| Dr.D.Nageshwar Reddy  | 0.30                                     | -  | -                                       | -                                       | -                                       |
| Mr. S P Singh   | 0.30                                     | -  | -                                       | -                                       | -                                       |
| Mr. Satyanarayana Murthy Chavali                            | 0.30                                     | -  | -                                       | -                                       | -                                       |
| Mr. P S Narasimha   | 0.30                                     | -  | -                                       | -                                       | -                                       |
| <b>Amounts due (to)/ from related parties</b>               |  |  |   |   |   |
|   | As at<br>June 30, 2021                   | As at<br>June 30, 2020                   | As at<br>March 31, 2021                 | As at<br>March 31, 2020                 | As at<br>March 31, 2019                 |
| <b>Rent payable</b>   |  |  |   |   |   |
| Dr. S Surendranath Reddy                                    | 3.21                                     | 3.13                                     | -                                       | 2.25                                    | 2.74                                    |
| S Suprita Reddy   | 0.53                                     | 0.35                                     | -                                       | 0.25                                    | 0.33                                    |
| K Sunil Chandra   | 0.80                                     | 0.57                                     | -                                       | 0.40                                    | 0.51                                    |
| Vijaya Hospitals Private Limited                            | 0.76                                     | 0.78                                     | -                                       | 0.57                                    | 0.76                                    |
| S Geetha Reddy  | 2.81                                     | 1.97                                     | -                                       | 1.42                                    | 1.83                                    |
| B Vishnu Priya  | 0.01                                     | 0.02                                     | -                                       | 0.01                                    | -                                       |
| <b>Rental deposits *</b>                                    |  |  |   |   |   |
| Vijaya Hospitals Private Limited.                           | 3.49                                     | 3.50                                     | 3.49                                    | 3.49                                    | 3.49                                    |
| Dr. S Surendranath Reddy                                    | 11.41                                    | 11.41                                    | 11.41                                   | 11.41                                   | 9.90                                    |
| S Suprita Reddy   | 3.82                                     | 1.74                                     | 2.56                                    | 1.73                                    | 1.39                                    |
| K Sunil Chandra   | 3.30                                     | 2.48                                     | 3.30                                    | 2.48                                    | 2.48                                    |
| S Geetha Reddy  | 13.02                                    | 7.53                                     | 11.76                                   | 7.18                                    | 7.19                                    |
| B Vishnu Priya  | 0.07                                     | 0.07                                     | 0.07                                    | 0.07                                    | 0.07                                    |
| <b>Trade receivables</b>                                    |  |  |   |   |   |
| Park Health Systems Private Limited                         | 0.60                                     | 1.17                                     | 0.66                                    | 1.02                                    | 0.91                                    |
| <b>Loans outstanding</b>                                    |  |  |   |   |   |
| Dr. S Surendranath Reddy                                    | -  | 28.50                                    | 28.50                                   | 28.50                                   | 28.50                                   |
| K Sunil Chandra   | -  | 4.25                                     | 4.25                                    | 4.25                                    | 4.25                                    |
| <b>Interest payable</b>                                     |  |  |   |   |   |
| Dr. S Surendranath Reddy                                    | -  | 11.64                                    | 13.18                                   | 11.07                                   | 9.02                                    |
| K Sunil Chandra   | -  | 1.16                                     | 1.39                                    | 1.07                                    | 0.77                                    |
| <b>Remuneration payable to KMP</b>                          |  |  |   |   |   |
| Dr. S Surendranath Reddy                                    | 1.09                                     | 0.49                                     | -                                       | 0.98                                    | 1.20                                    |
| K Sunil Chandra   | 0.57                                     | 0.17                                     | -                                       | 0.35                                    | 0.49                                    |
| S Suprita Reddy   | 1.41                                     | 0.45                                     | -                                       | 0.81                                    | 0.88                                    |
| <b>Salaries payable to KMP</b>                              |  |  |   |   |   |
| Sri Laxmi V   | 0.09                                     | 0.38                                     | -                                       | 0.07                                    | -                                       |
| Vijay Gupta   | -  | -  | -                                       | -                                       | 0.06                                    |
| Narasimha Raju K.A  | 0.38                                     | -  | -                                       | -                                       | -                                       |
| Sandhya Rani S  | 0.35                                     | 0.05                                     | -                                       | 1.48                                    | 1.10                                    |
| <b>Independent directors sitting fee/commission payable</b> |  |  |   |   |   |
| Dr.D.Nageshwar Reddy  | 0.29                                     | -  | -                                       | -                                       | -                                       |
| Mr. S P Singh   | 0.29                                     | -  | -                                       | -                                       | -                                       |
| Mr. Satyanarayana Murthy Chavali                            | 0.29                                     | -  | -                                       | -                                       | -                                       |
| Mr. P S Narasimha   | 0.29                                     | -  | -                                       | -                                       | -                                       |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**
**Annexure VII Notes to Restated Consolidated Financial Information**
*(All amounts are in Rs in millions, unless otherwise stated)*
**(d) Transactions within the Group: (these transactions got eliminated in Restated Consolidated Financial Information)\***

|   | For the period<br>ended<br>June 30, 2021 | For the period<br>ended<br>June 30, 2020 | For the year<br>ended<br>March 31, 2021 | For the year<br>ended<br>March 31, 2020 | For the year<br>ended<br>March 31, 2019 |
|---|--|--|---|---|---|
| <b>Transactions by the Company with other Group entities:</b>       |  |  |   |   |   |
| <b>Sale of consumables</b>  |  |  |   |   |   |
| VDC Diagnostics (Karnataka) LLP                                     | -  | -  | -                                       | 0.11                                    | 0.37                                    |
| Medinova Diagnostics Services Limited                               | -  | 0.38                                     | 0.39                                    | -                                       | -                                       |
| <b>Purchase of consumables</b>                                      |  |  |   |   |   |
| VDC Diagnostics (Karnataka) LLP                                     | -  | -  | -                                       | -                                       | 0.14                                    |
| <b>Sale of services</b>   |  |  |   |   |   |
| Medinova Diagnostic Services Limited                                | 11.86                                    | 1.88                                     | 32.75                                   | 1.94                                    | 2.58                                    |
| VDC Diagnostics (Karnataka) LLP                                     | -  | -  | -                                       | 1.20                                    | 1.67                                    |
| Medinova Millennium MRI Services LLP                                | -  | -  | -                                       | 0.04                                    | 0.36                                    |
| <b>Loans given</b>  |  |  |   |   |   |
| Medinova Diagnostic Services Limited                                | 55.50                                    | -  | -                                       | 4.54                                    | 2.00                                    |
| VDC Diagnostics (Karnataka) LLP                                     | -  | -  | -                                       | 6.99                                    | 14.50                                   |
| Doctors Lab Medical Services Private Limited.                       | -  | -  | 0.73                                    | 1.00                                    | 0.13                                    |
| <b>Loans recovered</b>  |  |  |   |   |   |
| Medinova Diagnostic Services Limited                                | 15.00                                    | -  | 7.62                                    | 0.40                                    | -                                       |
| VDC Diagnostics (Karnataka) LLP                                     | -  | -  | 7.89                                    | 0.10                                    | 0.40                                    |
| Doctors Lab Medical Services Private Limited.                       | -  | -  | -                                       | 7.50                                    | -                                       |
| <b>Conversion of Loan into Investment</b>                           |  |  |   |   |   |
| VDC Diagnostics (Karnataka) LLP                                     | -  | -  | -                                       | 155.00                                  | -                                       |
| <b>Interest income</b>  |  |  |   |   |   |
| Medinova Diagnostic Services Limited                                | 0.38                                     | 0.17                                     | 0.31                                    | 0.55                                    | 0.13                                    |
| <b>Reimbursement of Expenses</b>                                    |  |  |   |   |   |
| VDC Diagnostics (Karnataka) LLP                                     | 0.01                                     | -  | 0.03                                    | -                                       | -                                       |
| <b>Transactions by Doctors Lab Medical Services Private Limited</b> |  |  |   |   |   |
| <b>Namratha Diagnostic Centre Private Limited</b>                   |  |  |   |   |   |
| Reimbursement of Expenses   | 0.10                                     | -  | 0.01                                    | 0.00                                    | 0.05                                    |
| <b>Vijaya Diagnostic Centre Limited</b>                             |  |  |   |   |   |
| Loan received   | -  | -  | 0.73                                    | 1.00                                    | 0.13                                    |
| Repayment of Loan   | -  | -  | -                                       | 7.50                                    | -                                       |
| <b>Transactions by Medinova Diagnostic Services Limited</b>         |  |  |   |   |   |
| <b>Vijaya Diagnostic Centre Limited</b>                             |  |  |   |   |   |
| Diagnostic Services(Expense)  | 11.86                                    | 1.88                                     | 32.75                                   | 1.94                                    | 2.58                                    |
| Purchase of consumables   | -  | -  | 0.39                                    | -                                       | -                                       |
| Interest on Loan  | 0.38                                     | 0.17                                     | 0.31                                    | 0.55                                    | 0.13                                    |
| Loan received   | 55.50                                    | -  | -                                       | 4.54                                    | 2.00                                    |
| Loan repaid   | 15.00                                    | -  | 7.62                                    | 0.40                                    | -                                       |
| <b>Medinova Millennium MRI Services LLP</b>                         |  |  |   |   |   |
| Purchase of services  | 0.01                                     | -  | 0.02                                    | 0.81                                    | 1.51                                    |
| Income from professional service                                    | -  | 0.37                                     | 0.86                                    | 1.23                                    | -                                       |
| Collection from customers   | -  | -  | -                                       | 0.48                                    | -                                       |
| Rent received   | 0.18                                     | 0.18                                     | 0.72                                    | 0.72                                    | 0.72                                    |
| Investment / (Withdrawal)   | -  | -  | -                                       | -                                       | (0.02)                                  |
| <b>Transactions by Namratha Diagnostic Centre Private Limited</b>   |  |  |   |   |   |
| <b>Doctors Lab Medical Services Private Limited</b>                 |  |  |   |   |   |
| Reimbursement of Expenses   | 0.10                                     | -  | 0.01                                    | 0.00                                    | 0.05                                    |
| <b>Transactions by VDC Diagnostics (Karnataka) LLP</b>              |  |  |   |   |   |
| <b>Vijaya Diagnostic Centre Limited</b>                             |  |  |   |   |   |
| Unsecured loan taken (net)  | -  | 0.02                                     | -                                       | 6.99                                    | 14.50                                   |
| Unsecured loan converted into capital contribution                  | -  | -  | -                                       | 155.00                                  | -                                       |
| Unsecured loan repaid   | -  | -  | 7.89                                    | 0.10                                    | 0.40                                    |
| Purchase of services  | -  | -  | -                                       | 1.20                                    | 1.67                                    |
| Purchase of Consumables   | -  | -  | -                                       | 0.11                                    | 0.37                                    |
| Sale of Consumables   | -  | -  | -                                       | -                                       | 0.14                                    |
| Reimbursement of Expenses   | 0.01                                     | -  | 0.03                                    | -                                       | -                                       |
| <b>Transactions by Millennium MRI Services LLP</b>                  |  |  |   |   |   |
| <b>Medinova Diagnostic Services Limited</b>                         |  |  |   |   |   |
| Sale of services  | 0.01                                     | -  | 0.02                                    | 0.81                                    | 1.51                                    |
| Professional service  | 0.04                                     | 0.37                                     | 0.86                                    | 1.23                                    | -                                       |
| Payments to vendor  | -  | -  | -                                       | 0.48                                    | -                                       |
| Rent expenditure  | 0.18                                     | 0.18                                     | 0.72                                    | 0.72                                    | 0.72                                    |
| Investment / (Withdrawal) from equity share capital                 | -  | -  | -                                       | -                                       | (0.02)                                  |
| <b>Vijaya Diagnostic Centre Limited</b>                             |  |  |   |   |   |
| Purchase of services  | -  | 0.00                                     | -                                       | 0.04                                    | 0.36                                    |

**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**
**Annexure VII Notes to Restated Consolidated Financial Information**

(All amounts are in Rs in millions, unless otherwise stated)

**(e) Amounts due (to)/ from related parties: (these transactions got eliminated in Restated Consolidated Financial Information)\***

|   | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>In the Books of the Company:</b>   |                        |                        |                         |                         |                         |
| <b>Trade receivables</b>  |                        |                        |                         |                         |                         |
| Medinova Diagnostic Services Limited (net of write off)   | 7.52                   | 12.08                  | 7.91                    | 9.96                    | 8.17                    |
| VDC Diagnostics (Karnataka) LLP   | -                      | -                      | -                       | -                       | 9.22                    |
| Medinova Millennium MRI Services LLP  | 0.03                   | 0.35                   | 0.03                    | 0.35                    | 0.56                    |
| <b>Loans outstanding</b>  |                        |                        |                         |                         |                         |
| Medinova Diagnostic Services Limited  | 40.84                  | 7.79                   | -                       | 7.07                    | 2.80                    |
| Doctors Lab Medical Services Private Limited.   | 10.50                  | 9.77                   | 10.50                   | 9.77                    | 16.26                   |
| VDC Diagnostics (Karnataka) LLP   | -                      | 7.88                   | -                       | 7.86                    | 155.97                  |
| <b>Investments</b>  |                        |                        |                         |                         |                         |
| Medinova Diagnostic Services Limited  | 41.11                  | 41.11                  | 41.11                   | 41.11                   | 41.11                   |
| Doctors Lab Medical Services Private Limited  | 0.1                    | 0.1                    | 0.10                    | 0.10                    | 0.10                    |
| VDC Diagnostics (Karnataka) LLP   | 183.13                 | 183.13                 | 183.13                  | 183.13                  | 28.13                   |
| Namrata Diagnostic Centre Private Limited   | 0.10                   | 0.10                   | 0.10                    | 0.10                    | 0.10                    |
| Investments in Medinova Millennium MRI Services LLP   | 12.68                  | 12.68                  | 12.68                   | 12.68                   | 12.68                   |
| <b>Share of loss in LLP</b>   |                        |                        |                         |                         |                         |
| VDC Diagnostics (Karnataka) LLP ^   | (176.00)               | (176.00)               | (176.00)                | (176.00)                | (176.00)                |
| ^ Pursuant to revised guidance note on Division II - Ind AS Schedule III to the Companies Act, 2013 revised in July 2019, as per para 9.4.2, the Company has not recognised share of profit/(loss) from its investment in Limited Liability Partnership (LLP) in the standalone financial statements from Financial year 2019-20. |                        |                        |                         |                         |                         |
| <b>Interest receivable</b>  |                        |                        |                         |                         |                         |
| Medinova Diagnostic Services Limited  | -                      | -                      | -                       | 0.55                    | 0.13                    |
| <b>Corporate guarantees outstanding</b>   |                        |                        |                         |                         |                         |
| Medinova Diagnostic Services Limited  | -                      | 3.15                   | -                       | 3.60                    | 9.25                    |
| <b>In the books of Doctors Lab Medical Services Private Limited</b>   |                        |                        |                         |                         |                         |
| <b>Loans outstanding - receivables</b>  |                        |                        |                         |                         |                         |
| Namratha Diagnostic Centre Private Limited  | 12.55                  | 12.44                  | 12.45                   | 12.44                   | 12.44                   |
| <b>Loans outstanding - payable</b>  |                        |                        |                         |                         |                         |
| Vijaya Diagnostic Centre Limited  | 10.50                  | 9.77                   | 10.50                   | 9.77                    | 16.26                   |
| <b>In the books of Medinova Diagnostic Services Limited</b>   |                        |                        |                         |                         |                         |
| <b>Vijaya Diagnostic Centre Limited</b>   |                        |                        |                         |                         |                         |
| Unsecured Loan  | 40.84                  | 7.79                   | -                       | 7.07                    | 2.80                    |
| Interest payable  | -                      | -                      | -                       | 0.55                    | 0.13                    |
| Creditors for services  | 26.41                  | 30.65                  | 26.80                   | 28.81                   | 8.17                    |
| Corporate guarantee received  | -                      | 3.15                   | -                       | 3.60                    | 9.25                    |
| <b>Medinova Millennium MRI Services LLP</b>   |                        |                        |                         |                         |                         |
| Creditors for services  | 0.04                   | 0.68                   | 0.19                    | 0.86                    | 0.81                    |
| Other receivables   | 0.01                   | 0.60                   | 0.01                    | 0.34                    | 0.01                    |
| Investments   | 12.68                  | 12.68                  | 12.68                   | 12.68                   | 12.68                   |
| <b>In the books of Namratha Diagnostic Centre Private Limited</b>   |                        |                        |                         |                         |                         |
| <b>Doctors Lab Medical Services Private Limited</b>   |                        |                        |                         |                         |                         |
| Payable   | 12.55                  | 12.44                  | 12.45                   | 12.44                   | 12.44                   |
| <b>In the books of VDC Diagnostics (Karnataka) LLP</b>  |                        |                        |                         |                         |                         |
| <b>Vijaya Diagnostic Centre Limited</b>   |                        |                        |                         |                         |                         |
| Unsecured loan payable  | -                      | 7.88                   | -                       | 7.86                    | 155.97                  |
| Partner Current Account (Share of losses transferred)   | (155.02)               | (156.67)               | (155.46)                | (157.56)                | (176.00)                |
| Trade payable   | -                      | -                      | -                       | -                       | 9.22                    |
| <b>In the books of Medinova Millennium MRI Services LLP</b>   |                        |                        |                         |                         |                         |
| <b>Medinova Diagnostic Services Limited</b>   |                        |                        |                         |                         |                         |
| Trade receivables   | 0.04                   | 0.68                   | 0.19                    | 0.86                    | 0.81                    |
| Other payables  | 0.01                   | 0.60                   | 0.01                    | 0.34                    | 0.01                    |
| <b>Vijaya Diagnostic Centre Limited</b>   |                        |                        |                         |                         |                         |
| Trade payables  | 0.03                   | 0.35                   | 0.03                    | 0.35                    | 0.56                    |

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

**Note:**

1) Share issue expenses (refer note 15 - Share issues expenses receivable) of Rs. 58.99 million incurred by the Company is towards Initial Public Offering ('IPO') of the equity shares held by the selling shareholders. As per the agreement with the selling shareholders, these expenses are recoverable from Dr. S. Surendranath Reddy, Karakoram Limited and Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1, upon successful completion of IPO in proportion to the shares that are expected to be offered to the public in the offering.

2) 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.)

**46 Capital management**

The Group's policy is to maintain a stable and strong capital structure with a focus on equity so as to provide returns to shareholders, benefits to other stakeholders, creditors and to sustain future development and growth of the business. In order to maintain the capital structure, the Group monitors the return on capital as well as debt to total equity ratio. 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 debt to total equity, debt includes its long-term and short-term borrowings. Total equity comprises of issued share capital and all other equity reserves.

**Gearing ratio:**

|                          | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|--------------------------|---------------|---------------|----------------|----------------|----------------|
| Total debt               | 11.92         | 306.56        | 44.72          | 328.40         | 424.26         |
| Total equity             | 3,929.08      | 2,758.28      | 3,592.32       | 2,741.39       | 2,070.10       |
| <b>Debt equity ratio</b> | <b>0.00</b>   | <b>0.11</b>   | <b>0.01</b>    | <b>0.12</b>    | <b>0.20</b>    |

As at 30 June 2021, the Group's bank balances are at Rs. 2,367.77 million which are significantly higher than the debt outstanding of Rs. 11.92 million. Nominal debt is being maintained to establish credit history for any future requirements.

**47 Financial instruments****A. Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**As at June 30, 2021**

| Particulars                        | Note      | Fair value level | Amortised Cost  | Fair value    |
|------------------------------------|-----------|------------------|-----------------|---------------|
| <b>Financial assets</b>            |           |                  |                 |               |
| Investments                        |           |                  |                 |               |
| - in mutual funds - FVTPL          | 11        | Level 1          | -               | 279.57        |
| - in equity instruments - FVOCI    | 7         | Level 3          | -               | 0.40          |
| Trade receivables                  | 12        |                  | 55.52           | -             |
| Cash and cash equivalents          | 13        |                  | 101.58          | -             |
| Other bank balances                | 14        |                  | 2,147.90        | -             |
| Other financial assets             | 8 and 15  |                  | 278.43          | -             |
| <b>Total financial assets</b>      |           |                  | <b>2,583.43</b> | <b>279.97</b> |
| <b>Financial liabilities</b>       |           |                  |                 |               |
| Borrowings                         | 19 and 24 |                  | 11.92           | -             |
| Lease liabilities                  | 6         |                  | 1,571.59        | -             |
| Trade payables                     | 25        |                  | 259.25          | -             |
| Other financial liabilities        | 20 and 26 |                  | 83.70           | -             |
| <b>Total financial liabilities</b> |           |                  | <b>1,926.46</b> | <b>-</b>      |

**As at June 30, 2020**

| Particulars                        | Note      | Fair value level | Amortised Cost  | Fair value   |
|------------------------------------|-----------|------------------|-----------------|--------------|
| <b>Financial assets</b>            |           |                  |                 |              |
| Investments                        |           |                  |                 |              |
| - in mutual funds - FVTPL          | 11        | Level 1          | -               | 12.75        |
| - in equity instruments - FVOCI    | 7         | Level 3          | -               | 0.40         |
| Trade receivables                  | 12        |                  | 72.27           | -            |
| Cash and cash equivalents          | 13        |                  | 306.26          | -            |
| Other bank balances                | 14        |                  | 1,371.42        | -            |
| Other financial assets             | 8 and 15  |                  | 75.97           | -            |
| <b>Total financial assets</b>      |           |                  | <b>1,825.91</b> | <b>13.15</b> |
| <b>Financial liabilities</b>       |           |                  |                 |              |
| Borrowings                         | 19 and 24 |                  | 306.56          | -            |
| Lease liabilities                  | 6         |                  | 1,339.16        | -            |
| Trade payables                     | 25        |                  | 201.80          | -            |
| Other financial liabilities        | 20 and 26 |                  | 189.43          | -            |
| <b>Total financial liabilities</b> |           |                  | <b>2,036.95</b> | <b>-</b>     |

**As at March 31, 2021**

| Particulars                        | Note      | Fair value level | Amortised Cost  | Fair value    |
|------------------------------------|-----------|------------------|-----------------|---------------|
| <b>Financial assets</b>            |           |                  |                 |               |
| Investments                        |           |                  |                 |               |
| - in mutual funds - FVTPL          | 11        | Level 1          | -               | 276.27        |
| - in equity instruments - FVOCI    | 7         | Level 3          | -               | 0.40          |
| Trade receivables                  | 12        |                  | 64.08           | -             |
| Cash and cash equivalents          | 13        |                  | 66.86           | -             |
| Other bank balances                | 14        |                  | 1,875.55        | -             |
| Other financial assets             | 8 and 15  |                  | 174.11          | -             |
| <b>Total financial assets</b>      |           |                  | <b>2,180.60</b> | <b>276.67</b> |
| <b>Financial liabilities</b>       |           |                  |                 |               |
| Borrowings                         | 19 and 24 |                  | 44.72           | -             |
| Lease liabilities                  | 6         |                  | 1,365.75        | -             |
| Trade payables                     | 25        |                  | 221.56          | -             |
| Other financial liabilities        | 20 and 26 |                  | 63.45           | -             |
| <b>Total financial liabilities</b> |           |                  | <b>1,695.48</b> | <b>-</b>      |

**As at March 31, 2020**

| Particulars                        | Note      | Fair value level | Amortised Cost  | Fair value    |
|------------------------------------|-----------|------------------|-----------------|---------------|
| <b>Financial assets</b>            |           |                  |                 |               |
| Investments                        |           |                  |                 |               |
| - in mutual funds - FVTPL          | 11        | Level 1          | -               | 546.74        |
| - in equity instruments - FVOCI    | 7         | Level 3          | -               | 0.40          |
| Trade receivables                  | 12        |                  | 79.97           | -             |
| Cash and cash equivalents          | 13        |                  | 555.69          | -             |
| Other bank balances                | 14        |                  | 626.23          | -             |
| Other financial assets             | 8 and 15  |                  | 60.27           | -             |
| <b>Total financial assets</b>      |           |                  | <b>1,322.16</b> | <b>547.14</b> |
| <b>Financial liabilities</b>       |           |                  |                 |               |
| Borrowings                         | 19 and 24 |                  | 328.40          | -             |
| Lease liabilities                  | 6         |                  | 1,283.87        | -             |
| Trade payables                     | 25        |                  | 216.93          | -             |
| Other financial liabilities        | 20 and 26 |                  | 138.44          | -             |
| <b>Total financial liabilities</b> |           |                  | <b>1,967.64</b> | <b>-</b>      |

**As at March 31, 2019**

| Particulars                        | Note      | Fair value level | Amortised Cost  | Fair value    |
|------------------------------------|-----------|------------------|-----------------|---------------|
| <b>Financial assets</b>            |           |                  |                 |               |
| Investments                        |           |                  |                 |               |
| - in mutual funds - FVTPL          | 11        | Level 1          | -               | 688.37        |
| - in equity instruments - FVOCI    | 7         | Level 3          | -               | 0.40          |
| Trade receivables                  | 12        |                  | 91.25           | -             |
| Cash and cash equivalents          | 13        |                  | 96.21           | -             |
| Other bank balances                | 14        |                  | 430.12          | -             |
| Other financial assets             | 8 and 15  |                  | 72.90           | -             |
| <b>Total financial assets</b>      |           |                  | <b>690.48</b>   | <b>688.77</b> |
| <b>Financial liabilities</b>       |           |                  |                 |               |
| Borrowings                         | 19 and 24 |                  | 424.26          | -             |
| Lease liabilities                  | 6         |                  | 1,106.80        | -             |
| Trade payables                     | 25        |                  | 217.54          | -             |
| Other financial liabilities        | 20 and 26 |                  | 133.69          | -             |
| <b>Total financial liabilities</b> |           |                  | <b>1,882.29</b> | <b>-</b>      |

The fair value of trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments. Investments in mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

**B. Measurement of fair values**

**i. Valuation techniques and significant unobservable inputs**

Investment in equity instruments: The fair value of investment in equity instruments approximate to its carrying value. Hence, no fair value gain/ (loss) is accounted in OCI.

| Name of financial asset              | Valuation technique   | Significant unobservable inputs                            |
|--------------------------------------|---|--|
| Investment in unquoted equity shares | Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow to the Group arising from the investments in financial assets | Long term growth rate<br>Discount rate<br>Revenue multiple |

**ii. Transfer between Level 1 and 2**

There have been no transfers from Level 2 to Level 1 or vice-versa in the current financial year and no transfers in either direction in the last financial year.

**iii. Level 3 fair values**

|   | FVOCI Equity securities |               |                |                |                |
|---|-------------------------|---------------|----------------|----------------|----------------|
|   | June 30, 2021           | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Balance as at the beginning of the period/year  | 0.40                    | 0.40          | 0.40           | 0.40           | 0.40           |
| Investment made                                 | -                       | -             | -              | -              | -              |
| Net change in fair value (Unrealised)           | -                       | -             | -              | -              | -              |
| <b>Balance as at the end of the period/year</b> | <b>0.40</b>             | <b>0.40</b>   | <b>0.40</b>    | <b>0.40</b>    | <b>0.40</b>    |

A one percentage change in the unobservable inputs used in the fair valuation of level 3 assets does not have a significant impact in the fair value of the financial instrument.

**C. Financial Risk Management**

The Group activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

| Risk           | Exposure arising from  | Measurement  | Management  |
|----------------|--|--|---|
| Credit Risk    | Trade receivables, security deposits, bank deposits and loans. | Ageing analysis.<br>Credit score of customers/ entities.                             | Monitoring the credit limits of customers and obtaining security deposits.  |
| Liquidity Risk | Borrowings   | Cash flow forecasts managed by finance team under the overview of Senior Management. | Working capital management by Senior Management.<br>The excess liquidity is channelised through bank deposits and investment in mutual funds. |

The Group's risk management is carried out by the Senior Management under policies approved by the Board of Directors. The Board of Directors provides guiding principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.

# i. 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. The Group has no significant concentration of credit risk with any counterparty.

## Trade receivables and loans

Customer credit risk is managed by the respective department subject to Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits as defined by the Group. Outstanding customer receivables are regularly monitored.

## Expected credit loss (ECL) assessment for individual customers:

As per simplified approach, the Group makes provision of expected credit losses on trade receivable using a provision matrix to mitigate the risk of default payment and make appropriate provision at each reporting date.

The ageing analysis of the receivables has been considered from the date the invoice falls due.

|                | Less than 180 days | More than 180 days | Provision | Total |
|----------------|--------------------|--------------------|-----------|-------|
| June 30, 2021  | 41.46              | 29.38              | (15.32)   | 55.52 |
| June 30, 2020  | 48.56              | 41.62              | (17.91)   | 72.27 |
| March 31, 2021 | 62.55              | 16.85              | (15.32)   | 64.08 |
| March 31, 2020 | 52.79              | 43.72              | (16.54)   | 79.97 |
| March 31, 2019 | 60.11              | 49.23              | (18.09)   | 91.25 |

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

## The movement in the allowance for impairment in respect of trade receivables is as follows:

|  | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|--|---------------|---------------|----------------|----------------|----------------|
| Balance at the beginning of the period/year              | 15.32         | 16.54         | 16.54          | 18.09          | 7.11           |
| Add: Allowance measured at lifetime expected credit loss | -             | 1.37          | 3.39           | 4.61           | 12.07          |
| Less: Amounts written off                                | -             | -             | (4.61)         | (6.16)         | (1.09)         |
| <b>Balance at the end of the period/year</b>             | <b>15.32</b>  | <b>17.91</b>  | <b>15.32</b>   | <b>16.54</b>   | <b>18.09</b>   |

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by credit rating agencies. Investments of surplus funds are made only with approved financial institutions. Investments primarily include investments in mutual funds. The funds are invested as per "Investment Policy" approved by the Board of Directors and are made only in debt funds with rating of AAA+ and with no exposure of more than 20% to a single fund house.

The security deposit pertains to rent deposit given to lessors. The Company does not expect any losses from non-performance by these counter-parties.

# ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The finance team monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash outflows on trade payables and other financial liabilities and any excess/ short liquidity is managed in the form of current borrowings, bank deposits and investment in mutual funds as per the approved frame work.

## Exposure to liability risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| June 30, 2021   | Carrying amount | Total           | Contractual cash flows |               |               |                   |
|---|-----------------|-----------------|------------------------|---------------|---------------|-------------------|
|   |                 |                 | Less than 1 year       | 1-2 years     | 2-5 years     | More than 5 years |
| Borrowings (including current maturities of long-term borrowings) | 11.92           | 11.92           | 11.92                  | -             | -             | -                 |
| Lease liabilities   | 1,571.59        | 2,481.39        | 238.74                 | 244.10        | 710.56        | 1,287.99          |
| Trade payables  | 259.25          | 259.25          | 259.25                 | -             | -             | -                 |
| Deferred payment liabilities - on purchase of medical equipments  | 6.74            | 7.15            | 6.34                   | 0.81          | -             | -                 |
| Capital creditors   | 5.58            | 5.58            | 5.58                   | -             | -             | -                 |
| Other financial liabilities                                       | 71.38           | 71.38           | 71.38                  | -             | -             | -                 |
|   | <b>1,926.46</b> | <b>2,836.67</b> | <b>593.21</b>          | <b>244.91</b> | <b>710.56</b> | <b>1,287.99</b>   |
| June 30, 2020   | Carrying amount | Total           | Contractual cash flows |               |               |                   |
|   |                 |                 | Less than 1 year       | 1-2 years     | 2-5 years     | More than 5 years |
| Borrowings (including current maturities of long-term borrowings) | 306.56          | 306.55          | 49.66                  | 85.44         | 171.45        | -                 |
| Lease liabilities   | 1,339.16        | 2,080.22        | 201.88                 | 208.09        | 644.16        | 1,026.09          |
| Trade payables  | 201.80          | 201.80          | 201.80                 | -             | -             | -                 |
| Deferred payment liabilities - on purchase of medical equipments  | 20.59           | 22.25           | 14.33                  | 7.11          | 0.81          | -                 |
| Capital creditors   | 82.98           | 82.98           | 82.98                  | -             | -             | -                 |
| Other financial liabilities                                       | 85.86           | 85.86           | 85.86                  | -             | -             | -                 |
|   | <b>2,036.95</b> | <b>2,779.66</b> | <b>636.51</b>          | <b>300.64</b> | <b>816.42</b> | <b>1,026.09</b>   |



**Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)**  
**Annexure VII Notes to Restated Consolidated Financial Information**  
*(All amounts are in Rs in millions, unless otherwise stated)*

| March 31, 2021  | Carrying amount | Total           | Contractual cash flows |               |               |                   |
|---|-----------------|-----------------|------------------------|---------------|---------------|-------------------|
|   |                 |                 | Less than 1 year       | 1-2 years     | 2-5 years     | More than 5 years |
| Borrowings (including current maturities of long-term borrowings) | 44.72           | 44.72           | 11.97                  | 32.75         | -             | -                 |
| Lease liabilities   | 1,365.75        | 2,104.34        | 214.32                 | 221.73        | 659.10        | 1,009.19          |
| Trade payables  | 221.56          | 221.56          | 221.56                 | -             | -             | -                 |
| Deferred payment liabilities - on purchase of medical equipments  | 10.49           | 11.13           | 8.70                   | 2.43          | -             | -                 |
| Capital creditors   | 6.81            | 6.81            | 6.81                   | -             | -             | -                 |
| Other financial liabilities                                       | 46.15           | 46.15           | 46.15                  | -             | -             | -                 |
|   | <b>1,695.48</b> | <b>2,434.71</b> | <b>509.51</b>          | <b>256.91</b> | <b>659.10</b> | <b>1,009.19</b>   |
| March 31, 2020  | Carrying amount | Total           | Contractual cash flows |               |               |                   |
|   |                 |                 | Less than 1 year       | 1-2 years     | 2-5 years     | More than 5 years |
| Borrowings (including current maturities of long-term borrowings) | 328.40          | 328.40          | 107.07                 | 92.26         | 129.07        | -                 |
| Lease liabilities   | 1,283.87        | 1,987.76        | 194.46                 | 197.41        | 616.34        | 979.55            |
| Trade payables  | 216.93          | 216.93          | 216.93                 | -             | -             | -                 |
| Deferred payment liabilities - on purchase of medical equipments  | 23.15           | 25.30           | 15.17                  | 7.70          | 2.43          | -                 |
| Capital creditors   | 24.89           | 24.89           | 24.89                  | -             | -             | -                 |
| Other financial liabilities                                       | 90.40           | 90.40           | 90.40                  | -             | -             | -                 |
|   | <b>1,967.64</b> | <b>2,673.68</b> | <b>648.92</b>          | <b>297.37</b> | <b>747.84</b> | <b>979.55</b>     |
| March 31, 2019  | Carrying amount | Total           | Contractual cash flows |               |               |                   |
|   |                 |                 | Less than 1 year       | 1-2 years     | 2-5 years     | More than 5 years |
| Borrowings (including current maturities of long-term borrowings) | 424.26          | 424.26          | 108.91                 | 94.02         | 221.33        | -                 |
| Lease liabilities   | 1,106.80        | 1,718.21        | 158.95                 | 164.06        | 513.15        | 882.05            |
| Trade payables  | 217.54          | 217.54          | 217.54                 | -             | -             | -                 |
| Deferred payment liabilities - on purchase of medical equipments  | 31.05           | 35.72           | 12.94                  | 12.64         | 10.14         | -                 |
| Capital creditors   | 18.81           | 18.81           | 18.81                  | -             | -             | -                 |
| Other financial liabilities                                       | 83.83           | 83.83           | 83.83                  | -             | -             | -                 |
|   | <b>1,882.29</b> | <b>2,498.37</b> | <b>600.98</b>          | <b>270.72</b> | <b>744.62</b> | <b>882.05</b>     |

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.

**iii. Market risk**

Market risk is the risk that results from changes in market prices - such as foreign exchange rates, interest rates and others - will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**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 interests rate. The Group's main interest rate risk arises from short-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

| Particulars                  | As at June 30, 2021       | As at June 30, 2020 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------|---------------------------|---------------------|----------------------|----------------------|----------------------|
| Overdraft from banks         | 11.92                     | 13.77               | 11.97                | 13.05                | 19.53                |
| Sensitivity                  |                           |                     |                      |                      |                      |
| Particulars                  | Impact on profit and loss |                     |                      |                      |                      |
|                              | June 30, 2021             | June 30, 2020       | March 31, 2021       | March 31, 2020       | March 31, 2019       |
| 1% increase in interest rate | (0.12)                    | (0.14)              | (0.12)               | (0.13)               | (0.20)               |
| 1% decrease in interest rate | 0.12                      | 0.14                | 0.12                 | 0.13                 | 0.20                 |

The interest rate sensitivity is based on the closing balance of loans from banks.

48 During the year ended March 31, 2020, VDC Diagnostics (Karnataka) LLP, subsidiary sold its business of Bangalore diagnostic centre under slump sale arrangement with effect from November 30, 2019 for a consideration of Rs. 62.03 millions received in the form of cash & cash equivalents. All the assets and liabilities pertaining to this Bangalore diagnostic centre were transferred to buyer pursuant to slump sale arrangement. The profit on slump sale (net of acquisition of goodwill of Rs. 15.42 millions) was Rs. 18.22 millions

**49 Disclosure as per Ind AS 115 - Revenue from contracts with customers**

**A. Contract balances:**

|  | As at June 30, 2021 | As at June 30, 2020 | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|
| Contract assets                        | -                   | -                   | -                    | -                    | -                    |
| Contract liabilities                   |                     |                     |                      |                      |                      |
| - Contract liability- deferred revenue | 2.00                | 2.48                | 2.10                 | 2.75                 | 3.05                 |

**B. Movement in contract liabilities during the period/year:**

|   | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| <b>Deferred revenue</b>                     |                        |                        |                         |                         |                         |
| Balance at the beginning of the period/year | 2.10                   | 2.75                   | 2.75                    | 3.05                    | 3.77                    |
| Less: Revenue recognised from above         | (0.34)                 | (0.40)                 | (1.57)                  | (1.68)                  | (2.31)                  |
| Add: Addition during the period/year        | 0.24                   | 0.14                   | 0.92                    | 1.38                    | 1.60                    |
| Balance at the end of the period/year       | 2.00                   | 2.49                   | 2.10                    | 2.75                    | 3.05                    |

**C. Reconciliation of Revenue from contracts with customers:**

|   | As at<br>June 30, 2021 | As at<br>June 30, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| Revenue from contract with customer as per the contract price | 1,250.55               | 534.84                 | 3,861.91                | 3,499.57                | 2,996.03                |
| Adjustments made to contract price on account of :-           |                        |                        |                         |                         |                         |
| Discount / Rebates  | (24.66)                | (17.82)                | (97.37)                 | (112.78)                | (71.38)                 |
| <b>Revenue from contract with customer</b>                    | <b>1,225.89</b>        | <b>517.02</b>          | <b>3,764.54</b>         | <b>3,386.79</b>         | <b>2,924.65</b>         |
| Other operating revenue                                       | 0.97                   | 0.08                   | 2.92                    | 1.42                    | 1.22                    |
| <b>Revenue from operations</b>                                | <b>1,226.86</b>        | <b>517.10</b>          | <b>3,767.46</b>         | <b>3,388.21</b>         | <b>2,925.87</b>         |

**50 Global Health Pandemic**

During the year ended 31 March 2021 and 31 March 2020 & period ended June 30,2020 and June 30,2021 the outbreak of COVID-19 in many countries has brought about disruptions to businesses around the world and uncertainty to the global economy. The Group is closely monitoring the impact of the pandemic on all aspects of it's business, including how it will impact its employees, vendors and business partners. The Group based on the information available to date, both internal and external, considered the uncertainty relating to the COVID-19 pandemic in assessing its impact on the financial statements. Based on the current estimates, the Group expects to fully recover the carrying amount of assets, and does not foresee any material adverse impact on its operations. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic condition.

**51 Bonus issue of equity shares**

Pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 26 May 2021, the Company issued and allotted fully paid-up "bonus shares" on 27 May 2021 at par in proportion of five new equity shares of Re. 1 each for every four existing fully paid up equity shares of Re. 1 each held as on the record date of 26 May 2021 by utilizing securities premium account. The employee stock options granted under ESOP 2018 plan and the corresponding exercise prices will be adjusted to give effect of the allotment of bonus shares. The basic/diluted earnings per share in respect of current period and previous years has been adjusted for issue of these bonus shares in accordance with Ind AS 33.

**52 Other matter**

Subsequent to the period ended June 30, 2021, the Company has received a letter dated July 5, 2021 under section 37 of the Foreign Exchange Management Act, 1999 read with section 133(6) of the Income Tax Act, 1961 from the Directorate of Enforcement, Government of India ("ED") requesting certain information for the purpose of their investigation. The Company has responded to the ED letter by letter dated August 5, 2021 providing the information requested for. The letter has only sought certain information, which has been complied with, and it is not a show cause notice or demand letter at this stage, and there is no impact to the financial statements.

Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)  
Annexure VII Notes to Restated Consolidated Financial Information  
(All amounts are in Rs in millions, except share data or otherwise stated)

53. Ratios as per the Schedule III requirements

a) Current Ratio = Current Assets divided by Current Liabilities

| Particulars                                 | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|---------------|---------------|----------------|----------------|----------------|
| Current Assets                              | 2,781.97      | 1,861.53      | 2,387.81       | 1,863.52       | 1,374.59       |
| Current Liabilities                         | 571.13        | 613.00        | 439.88         | 586.40         | 571.40         |
| <b>Ratio</b>                                | <b>4.87</b>   | <b>3.04</b>   | <b>5.43</b>    | <b>3.18</b>    | <b>2.41</b>    |
| <b>% Change from previous period / year</b> | <b>-10%</b>   | <b>-4%</b>    | <b>71%</b>     | <b>32%</b>     |                |

Reason for change more than 25%:

This ratio has increased from 2.41 in March 2019 to 3.18 in March 2020 mainly due to net increase in cash & bank balances and Investments in mutual funds due to higher cashflows generated from higher revenue and profit.

This ratio has increased from 3.18 in March 2020 to 5.43 in March 2021 mainly due to net increase in cash & bank balances and Investments in mutual funds due to higher cashflows generated from higher revenue and profit.

b) Debt Equity ratio = Total debt divided by Total equity where total debt refers to sum of current & non current borrowings

| Particulars                                 | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|---------------|---------------|----------------|----------------|----------------|
| Total debt                                  | 11.92         | 306.56        | 44.72          | 328.40         | 424.26         |
| Total equity                                | 3,929.08      | 2,758.28      | 3,592.32       | 2,741.39       | 2,070.10       |
| <b>Ratio</b>                                | <b>0.00</b>   | <b>0.11</b>   | <b>0.01</b>    | <b>0.12</b>    | <b>0.20</b>    |
| <b>% Change from previous period / year</b> | <b>-76%</b>   | <b>-7%</b>    | <b>-90%</b>    | <b>-42%</b>    |                |

Reason for change more than 25%:

This ratio has decreased from 0.20 in March 2019 to 0.12 in March 2020 mainly due to repayment of borrowings due to higher cashflows generated from business operations.

This ratio has decreased from 0.12 in March 2020 to 0.01 in March 2021 mainly due to repayment (including certain prepayments) of borrowings due to higher cashflows generated from business operations.

This ratio has decreased from 0.01 in March 2021 to 0.00 in June 2021 mainly due to repayment of borrowings due to higher cashflows generated from business operations.

c) Debt Service Coverage Ratio = Earnings available for debt services divided by Total interest and principal repayments

| Particulars   | June 30, 2021 | June 30, 2020 | March 31, 2021  | March 31, 2020  | March 31, 2019 |
|---|---------------|---------------|-----------------|-----------------|----------------|
| Profit after tax*   | 333.25        | 18.10         | 849.11          | 625.07          | 462.72         |
| <b>Add: Non cash operating expenses and finance cost</b>                              | <b>159.24</b> | <b>154.75</b> | <b>657.00</b>   | <b>645.55</b>   | <b>531.59</b>  |
| -Depreciation and amortizations   | 119.21        | 116.35        | 504.53          | 491.70          | 396.26         |
| -Finance cost   | 40.03         | 38.40         | 152.47          | 153.85          | 135.33         |
| <b>Earnings available for debt services</b>   | <b>492.49</b> | <b>172.85</b> | <b>1,506.11</b> | <b>1,270.62</b> | <b>994.31</b>  |
| Interest cost on borrowings   | 0.61          | 7.11          | 15.67           | 34.07           | 31.79          |
| Principal repayments (including certain prepayments during year ended March 31, 2021) | 32.75         | 22.57         | 282.60          | 89.38           | 94.67          |
| <b>Total Interest and principal repayments</b>  | <b>33.36</b>  | <b>29.68</b>  | <b>298.27</b>   | <b>123.45</b>   | <b>126.46</b>  |
| <b>Ratio</b>  | <b>14.76</b>  | <b>5.82</b>   | <b>5.05</b>     | <b>10.29</b>    | <b>7.86</b>    |
| <b>% Change from previous period / year</b>   | <b>153%</b>   |               | <b>-51%</b>     | <b>31%</b>      |                |

\*Profit after tax for the three months period ended June 30, 2021 and June 30, 2020 were not annualized.

Reasons for change more than 25%:

This ratio has increased from 7.86 in March 2019 to 10.29 in March 2020 mainly due to increase in earnings available for debt services.

This ratio has decreased from 10.29 in March 2020 to 5.05 in March 2021 mainly due to prepayment of entire borrowings in holding company.

The ratio has improved from 5.82 to 14.76 due to increase in profit after tax from Rs. 18.10 million to Rs. 333.25 million in June 2021 as compared to June 2020 due to increase in the business volumes in terms of number of tests and patient count.

d) Return on Equity Ratio / Return on Investment Ratio = Net profit after tax divided by Equity

| Particulars   | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|---------------|---------------|----------------|----------------|----------------|
| Net profit after tax*   | 333.25        | 18.10         | 849.11         | 625.07         | 462.72         |
| Total equity  | 3,929.08      | 2,758.28      | 3,592.32       | 2,741.39       | 2,070.10       |
| <b>Ratio</b>  | <b>8.48%</b>  | <b>0.66%</b>  | <b>23.64%</b>  | <b>22.80%</b>  | <b>22.35%</b>  |
| <b>Change in basis points (bps) from previous period / year</b> | <b>783</b>    |               | <b>84</b>      | <b>45</b>      |                |
| <b>% Change from previous period / year</b>                     | <b>1193%</b>  |               | <b>4%</b>      | <b>2%</b>      |                |

\*Profit after tax for the three months period ended June 30, 2021 and June 30, 2020 were not annualized.

Reason for change more than 25%:

The return on equity has increased by 783 bps in June 2021 as compared to June 2020 mainly due to increase in profit after tax which was due to increase in the business volumes in terms of number of tests and patient count.

53. Ratios as per the Schedule III requirements

e) Inventory Turnover Ratio = Cost of materials consumed divided by closing inventory

| Particulars                                 | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|---------------|---------------|----------------|----------------|----------------|
| Cost of materials consumed*                 | 210.84        | 75.54         | 570.95         | 439.06         | 404.78         |
| Closing Inventory                           | 62.95         | 35.31         | 26.44          | 27.73          | 21.78          |
| <b>Inventory Turnover Ratio</b>             | <b>3.35</b>   | <b>2.14</b>   | <b>21.59</b>   | <b>15.83</b>   | <b>18.58</b>   |
| <b>% Change from previous period / year</b> | <b>57%</b>    |               | <b>36%</b>     | <b>-15%</b>    |                |

\*Cost of materials consumed for the three months period ended June 30, 2021 and June 30, 2020 were not annualized.

**Reason for change more than 25%:**

This ratio has increased from 15.83 in March 2020 to 21.59 in March 2021 mainly due to better working capital management.

This ratio has increased from 2.14 in June 2020 to 3.35 in June 2021 mainly due to better working capital management.

f) Trade Receivables turnover ratio = Credit Sales divided by Closing trade receivables

| Particulars                                 | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|---------------|---------------|----------------|----------------|----------------|
| Credit Sales*                               | 53.94         | 41.61         | 200.56         | 178.18         | 197.68         |
| Closing Trade Receivables                   | 55.52         | 72.27         | 64.08          | 79.97          | 91.25          |
| <b>Ratio</b>                                | <b>0.97</b>   | <b>0.58</b>   | <b>3.13</b>    | <b>2.23</b>    | <b>2.17</b>    |
| <b>% Change from previous period / year</b> | <b>69%</b>    |               | <b>40%</b>     | <b>3%</b>      |                |

\* Credit sales for the three months period ended June 30, 2021 and June 30, 2020 were not annualized.

**Reason for change more than 25%:**

This ratio has increased from 2.23 in March 2020 to 3.13 in March 2021 mainly due to better collection efficiency and better working capital management.

This ratio has increased from 0.58 in June 2020 to 0.97 in June 2021 mainly due to better collection efficiency and better working capital management.

g) Trade payables turnover ratio = Credit purchases divided by closing trade payables

| Particulars                                 | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|---------------|---------------|----------------|----------------|----------------|
| Credit Purchases*                           | 533.35        | 257.75        | 1,532.05       | 1,444.27       | 1,303.44       |
| Closing Trade Payables                      | 259.25        | 201.80        | 221.56         | 216.93         | 217.54         |
| <b>Ratio</b>                                | <b>2.06</b>   | <b>1.28</b>   | <b>6.91</b>    | <b>6.66</b>    | <b>5.99</b>    |
| <b>% Change from previous period / year</b> | <b>61%</b>    |               | <b>4%</b>      | <b>11%</b>     |                |

\* Credit purchase for the three months period ended June 30, 2021 and June 30, 2020 were not annualized.

**Reason for change more than 25%:**

This ratio has increased from 1.28 in June 2020 to 2.06 in June 2021 mainly due to leveraging on our cashflows for payment to vendors to secure supplies at lower cost.

h) Net capital Turnover Ratio = Sales divided by Net Working capital whereas net working capital= current assets - current liabilities

| Particulars                                 | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|---------------|---------------|----------------|----------------|----------------|
| Sales*                                      | 1,226.86      | 517.10        | 3,767.46       | 3,388.21       | 2,925.87       |
| Net Working Capital                         | 2,210.85      | 1,248.53      | 1,947.93       | 1,277.12       | 803.19         |
| <b>Ratio</b>                                | <b>0.55</b>   | <b>0.41</b>   | <b>1.93</b>    | <b>2.65</b>    | <b>3.64</b>    |
| <b>% Change from previous period / year</b> | <b>34%</b>    |               | <b>-27%</b>    | <b>-27%</b>    |                |

\* Sales for the three months period ended June 30, 2021 and June 30, 2020 were not annualized.

**Reason for change more than 25%:**

This ratio has moved from 3.64 in March 2019 to 2.65 in March 2020 mainly due to increase in net working capital which is due to increase in balance of cash and bank balances resulting from increase in revenue and profit.

This ratio has moved from 2.65 in March 2020 to 1.93 in March 2021 mainly due to increase in net working capital which is due to increase in balance of cash and bank balances resulting from increase in revenue and profit.

This ratio has moved from 0.41 in June 2020 to 0.55 in June 2021 mainly due to increase in sales which was due to increase in the business volumes in terms of number of tests and patient count.

i) Net profit ratio = Net profit after tax divided by Sales

| Particulars   | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|---------------|---------------|----------------|----------------|----------------|
| Net profit after tax*   | 333.25        | 18.10         | 849.11         | 625.07         | 462.72         |
| Sales   | 1,226.86      | 517.10        | 3,767.46       | 3,388.21       | 2,925.87       |
| <b>Ratio</b>  | <b>27.16%</b> | <b>3.50%</b>  | <b>22.54%</b>  | <b>18.45%</b>  | <b>15.81%</b>  |
| <b>Change in basis points (bps) from previous period / year</b> | <b>2,366</b>  |               | <b>409</b>     | <b>263</b>     |                |
| <b>% Change from previous period / year</b>                     | <b>676%</b>   |               | <b>22%</b>     | <b>17%</b>     |                |

\* Net profit after tax for the three months period ended June 30, 2021 and June 30, 2020 were not annualized.

**Reason for change more than 25%:**

This ratio has increased from 3.50% in June 2020 to 27.16% in June 2021 mainly due to increase in Net profit after tax resulting from increase in sales which was due to increase in the business volumes in terms of number of tests and patient count and improved profitability margins.

Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)  
Annexure VII Notes to Restated Consolidated Financial Information  
(All amounts are in Rs in millions, except share data or otherwise stated)

53. Ratios as per the Schedule III requirements

j) Return on Capital employed (pre cash)=Earnings before interest and taxes(EBIT) divided by Capital Employed(pre cash)

| Particulars   | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|---------------|---------------|----------------|----------------|----------------|
| Profit before tax* (A)                                  | 442.15        | 6.48          | 1,121.24       | 834.27         | 653.18         |
| Finance Costs* (B)                                      | 40.03         | 38.40         | 152.47         | 153.85         | 135.33         |
| Other Income* (C)                                       | 32.84         | 22.82         | 118.47         | 153.61         | 103.57         |
| EBIT (D) = (A)+(B)-(C)                                  | 449.34        | 22.06         | 1,155.24       | 834.51         | 684.94         |
| Capital Employed (Pre Cash) (I)=(E)-(F)-(G)-(H)-(I)     | 2,945.60      | 2,598.40      | 2,750.84       | 2,507.50       | 2,278.20       |
| Total Assets (E)  | 6,045.78      | 4,901.83      | 5,409.40       | 4,822.56       | 4,064.30       |
| Current Liabilities (F)                                 | 571.13        | 613.00        | 439.88         | 586.40         | 571.40         |
| Current Investments (G)                                 | 279.57        | 12.75         | 276.27         | 546.74         | 688.37         |
| Cash and Cash equivalents (H)                           | 101.58        | 306.26        | 66.86          | 555.69         | 96.21          |
| Bank balances other than cash and cash equivalents (I)  | 2,147.90      | 1,371.42      | 1,875.55       | 626.23         | 430.12         |
| Ratio (D)/(I)   | 15.25%        | 0.85%         | 42.00%         | 33.28%         | 30.06%         |
| Change in basis points (bps) from previous period/ year | 1,441         |               | 872            | 322            |                |
| % Change from previous period/ year                     | 1697%         |               | 26%            | 11%            |                |

\* Amount for the three months period ended June 30, 2021 and June 30, 2020 were not annualized.

Reason for change more than 25%:

The return on capital employed has increased by 872 bps in March 2021 as compared to March 2020 mainly due to increase in Earnings before interest and taxes (EBIT) which is due to higher business volumes and improved profitability margins.

The return on capital employed has increased by 1,441 bps in June 2021 as compared to June 2020 mainly due to increase in Earnings before interest and taxes (EBIT) which is due to higher business volumes and improved profitability margins.

54 Additional information as required under para 2 of General Instruction of Division II of Schedule III to the Companies Act, 2013.

| Name of Company  | June 30, 2021                        |                                 |                         |                        |                                     |   |                                      |  |
|--|--------------------------------------|---------------------------------|-------------------------|------------------------|-------------------------------------|---|--------------------------------------|--|
|  | Net assets, i.e., total assets minus |                                 | Share in profit/ (loss) |                        | Share in other comprehensive income |   | Share in total comprehensive income/ |  |
|  | Amount                               | As % of consolidated net assets | Amount                  | As % of profit/ (loss) | Amount                              | As % of other comprehensive income/(loss) | Amount                               | As % of total comprehensive income/ (loss) |
| <b>Parent</b>  |                                      |                                 |                         |                        |                                     |   |                                      |  |
| Vijaya Diagnostics Centre Limited                      | 3,931.80                             | 100.07%                         | 322.77                  | 96.86%                 | (0.26)                              | 118.18%                                   | 322.52                               | 96.84%                                     |
| <b>Subsidiaries (including step down subsidiaries)</b> |                                      |                                 |                         |                        |                                     |   |                                      |  |
| Medinova Diagnostic Services Limited                   | (44.91)                              | -1.14%                          | 10.69                   | 3.21%                  | (0.02)                              | 9.09%                                     | 10.67                                | 3.20%                                      |
| VDC Diagnostic (Karnataka) LLP                         | 39.98                                | 1.02%                           | 0.44                    | 0.13%                  | -                                   | 0.00%                                     | 0.44                                 | 0.13%                                      |
| Doctors Lab Diagnostic Centre Private Limited          | 11.62                                | 0.30%                           | 0.10                    | 0.03%                  | -                                   | 0.00%                                     | 0.10                                 | 0.03%                                      |
| Medinova Millennium MRI Services LLP                   | (7.52)                               | -0.19%                          | (0.73)                  | -0.22%                 | -                                   | 0.00%                                     | (0.73)                               | -0.22%                                     |
| Namrata Diagnostic Centre Private Limited              | (12.38)                              | -0.32%                          | (0.01)                  | 0.00%                  | -                                   | 0.00%                                     | (0.01)                               | 0.00%                                      |
| <b>Non-controlling interest in all subsidiaries</b>    | 5.82                                 | 0.15%                           | 3.56                    | 1.07%                  | (0.01)                              | 4.55%                                     | 3.56                                 | 1.07%                                      |
| <b>Total</b>   | <b>3,924.41</b>                      | <b>99.88%</b>                   | <b>336.82</b>           | <b>101.07%</b>         | <b>(0.29)</b>                       | <b>131.82%</b>                            | <b>336.55</b>                        | <b>101.06%</b>                             |
| Consolidation adjustments                              | 4.67                                 | 0.12%                           | (3.57)                  | -1.07%                 | 0.07                                | -31.82%                                   | (3.52)                               | -1.06%                                     |
| <b>Net amount</b>                                      | <b>3,929.08</b>                      | <b>100.00%</b>                  | <b>333.25</b>           | <b>100.00%</b>         | <b>(0.22)</b>                       | <b>100.00%</b>                            | <b>333.03</b>                        | <b>100.00%</b>                             |
|  |                                      |                                 |                         |                        |                                     |   |                                      |  |
| Name of Company  | June 30, 2020                        |                                 |                         |                        |                                     |   |                                      |  |
|  | Net assets, i.e., total assets minus |                                 | Share in profit/ (loss) |                        | Share in other comprehensive income |   | Share in total comprehensive income/ |  |
|  | Amount                               | As % of consolidated net assets | Amount                  | As % of profit/ (loss) | Amount                              | As % of other comprehensive income/(loss) | Amount                               | As % of total comprehensive income/ (loss) |
| <b>Parent</b>  |                                      |                                 |                         |                        |                                     |   |                                      |  |
| Vijaya Diagnostics Centre Limited                      | 2,792.07                             | 101.23%                         | 18.14                   | 100.22%                | (1.83)                              | 91.96%                                    | 16.31                                | 101.24%                                    |
| <b>Subsidiaries (including step down subsidiaries)</b> |                                      |                                 |                         |                        |                                     |   |                                      |  |
| Medinova Diagnostic Services Limited                   | (76.46)                              | -2.77%                          | 0.46                    | 2.54%                  | (0.16)                              | 8.04%                                     | 0.30                                 | 1.86%                                      |
| VDC Diagnostic (Karnataka) LLP                         | 38.33                                | 1.39%                           | 0.88                    | 4.86%                  | -                                   | 0.00%                                     | 0.88                                 | 5.46%                                      |
| Doctors Lab Diagnostic Centre Private Limited          | 7.04                                 | 0.26%                           | 0.11                    | 0.61%                  | -                                   | 0.00%                                     | 0.11                                 | 0.68%                                      |
| Medinova Millennium MRI Services LLP                   | (6.01)                               | -0.22%                          | (1.83)                  | -10.11%                | -                                   | 0.00%                                     | (1.83)                               | -11.36%                                    |
| Namrata Diagnostic Centre Private Limited              | (9.72)                               | -0.35%                          | (0.02)                  | -0.11%                 | -                                   | 0.00%                                     | (0.02)                               | -0.12%                                     |
| <b>Non-controlling interest in all subsidiaries</b>    | (5.97)                               | -0.22%                          | (1.03)                  | -5.69%                 | (0.90)                              | 45.23%                                    | (1.09)                               | -6.77%                                     |
| <b>Total</b>   | <b>2,739.28</b>                      | <b>99.31%</b>                   | <b>16.71</b>            | <b>92.32%</b>          | <b>(2.89)</b>                       | <b>145.23%</b>                            | <b>14.66</b>                         | <b>91.00%</b>                              |
| Consolidation adjustments                              | 19.00                                | 0.69%                           | 1.39                    | 7.68%                  | 0.90                                | -45.23%                                   | 1.45                                 | 9.00%                                      |
| <b>Net amount</b>                                      | <b>2,758.28</b>                      | <b>100.00%</b>                  | <b>18.10</b>            | <b>100.00%</b>         | <b>(1.99)</b>                       | <b>100.00%</b>                            | <b>16.11</b>                         | <b>100.00%</b>                             |
|  |                                      |                                 |                         |                        |                                     |   |                                      |  |
| Name of Company  | March 31, 2021                       |                                 |                         |                        |                                     |   |                                      |  |
|  | Net assets, i.e., total assets minus |                                 | Share in profit/ (loss) |                        | Share in other comprehensive income |   | Share in total comprehensive income/ |  |
|  | Amount                               | As % of consolidated net assets | Amount                  | As % of profit/ (loss) | Amount                              | As % of other comprehensive income/(loss) | Amount                               | As % of total comprehensive income/ (loss) |
| <b>Parent</b>  |                                      |                                 |                         |                        |                                     |   |                                      |  |
| Vijaya Diagnostics Centre Limited                      | 3,605.49                             | 100.37%                         | 826.05                  | 97.28%                 | 0.35                                | -250.00%                                  | 826.40                               | 97.34%                                     |
| <b>Subsidiaries (including step down subsidiaries)</b> |                                      |                                 |                         |                        |                                     |   |                                      |  |
| Medinova Diagnostic Services Limited                   | (55.58)                              | -1.55%                          | 21.66                   | 2.55%                  | (0.49)                              | 350.00%                                   | 21.17                                | 2.49%                                      |
| VDC Diagnostic (Karnataka) LLP                         | 39.54                                | 1.10%                           | 2.10                    | 0.25%                  | -                                   | 0.00%                                     | 2.10                                 | 0.25%                                      |
| Doctors Lab Diagnostic Centre Private Limited          | 11.51                                | 0.32%                           | 4.58                    | 0.54%                  | -                                   | 0.00%                                     | 4.58                                 | 0.54%                                      |
| Medinova Millennium MRI Services LLP                   | (6.78)                               | -0.19%                          | (2.61)                  | -0.31%                 | -                                   | 0.00%                                     | (2.61)                               | -0.31%                                     |
| Namrata Diagnostic Centre Private Limited              | (12.37)                              | -0.34%                          | (2.67)                  | -0.31%                 | -                                   | 0.00%                                     | (2.67)                               | -0.31%                                     |
| <b>Non-controlling interest in all subsidiaries</b>    | 2.26                                 | 0.06%                           | 6.48                    | 0.76%                  | (0.18)                              | 128.57%                                   | 6.30                                 | 0.74%                                      |
| <b>Total</b>   | <b>3,584.08</b>                      | <b>99.77%</b>                   | <b>855.59</b>           | <b>100.76%</b>         | <b>(0.32)</b>                       | <b>228.57%</b>                            | <b>853.48</b>                        | <b>100.74%</b>                             |
| Consolidation adjustments                              | 8.25                                 | 0.23%                           | (6.48)                  | -0.76%                 | 0.18                                | -128.57%                                  | (6.30)                               | -0.74%                                     |
| <b>Net amount</b>                                      | <b>3,592.32</b>                      | <b>100.00%</b>                  | <b>849.11</b>           | <b>100.00%</b>         | <b>(0.14)</b>                       | <b>100.00%</b>                            | <b>848.97</b>                        | <b>100.00%</b>                             |

Vijaya Diagnostic Centre Limited (formerly Vijaya Diagnostic Centre Private Limited)

Annexure VII Notes to Restated Consolidated Financial Information

(All amounts are in Rs in millions, unless otherwise stated)

| Name of Company  | March 31, 2020   |                                 |                         |                        |   |  |                                     |                                    |
|--|--|---------------------------------|-------------------------|------------------------|---|--|-------------------------------------|------------------------------------|
|  | Net assets, i.e., total assets minus total liabilities |                                 | Share in profit/ (loss) |                        | Share in other comprehensive income /(loss) |  | Share in total comprehensive income |                                    |
|  | Amount   | As % of consolidated net assets | Amount                  | As % of profit/ (loss) | Amount                                      | As % of other comprehensive income /(loss) | Amount                              | As % of total comprehensive income |
| <b>Parent</b>  |  |                                 |                         |                        |   |  |                                     |                                    |
| Vijaya Diagnostics Centre Limited                      | 2,777.13   | 101.30%                         | 609.47                  | 97.50%                 | (1.29)                                      | 98.47%                                     | 608.18                              | 97.50%                             |
| <b>Subsidiaries (including step down subsidiaries)</b> |  |                                 |                         |                        |   |  |                                     |                                    |
| Medinova Diagnostic Services Limited                   | (76.76)  | -2.80%                          | (2.20)                  | -0.35%                 | (0.02)                                      | 1.53%                                      | (2.22)                              | -0.36%                             |
| VDC Diagnostic (Karnataka) LLP                         | 37.44  | 1.37%                           | 18.44                   | 2.95%                  | -   | 0.00%                                      | 18.44                               | 2.96%                              |
| Doctors Lab Diagnostic Centre Private Limited          | 6.93   | 0.25%                           | 15.02                   | 2.40%                  | -   | 0.00%                                      | 15.02                               | 2.41%                              |
| Medinova Millennium MRI Services LLP                   | (4.17)   | -0.15%                          | 0.23                    | 0.04%                  | -   | 0.00%                                      | 0.23                                | 0.04%                              |
| Namrata Diagnostic Centre Private Limited              | (9.70)   | -0.35%                          | (0.14)                  | -0.02%                 | -   | 0.00%                                      | (0.14)                              | -0.02%                             |
| <b>Non-controlling interest in all subsidiaries</b>    | <b>(4.04)</b>  | <b>-0.15%</b>                   | <b>(0.31)</b>           | <b>-0.05%</b>          | <b>(0.01)</b>                               | <b>0.76%</b>                               | <b>(0.32)</b>                       | <b>-0.05%</b>                      |
| <b>Total</b>   | <b>2,726.83</b>  | <b>99.54%</b>                   | <b>640.51</b>           | <b>102.47%</b>         | <b>(1.32)</b>                               | <b>100.76%</b>                             | <b>639.19</b>                       | <b>102.47%</b>                     |
| Consolidation adjustments                              | 14.56  | 0.53%                           | (15.44)                 | -2.47%                 | 0.01  | -0.76%                                     | (15.43)                             | -2.47%                             |
| <b>Net amount</b>                                      | <b>2,741.39</b>  | <b>100.00%</b>                  | <b>625.07</b>           | <b>100.00%</b>         | <b>(1.31)</b>                               | <b>100.00%</b>                             | <b>623.76</b>                       | <b>100.00%</b>                     |

| Name of Company  | March 31, 2019   |                                 |                         |                        |   |  |                                     |                                    |
|--|--|---------------------------------|-------------------------|------------------------|---|--|-------------------------------------|------------------------------------|
|  | Net assets, i.e., total assets minus total liabilities |                                 | Share in profit/ (loss) |                        | Share in other comprehensive income /(loss) |  | Share in total comprehensive income |                                    |
|  | Amount   | As % of consolidated net assets | Amount                  | As % of profit/ (loss) | Amount                                      | As % of other comprehensive income /(loss) | Amount                              | As % of total comprehensive income |
| <b>Parent</b>  |  |                                 |                         |                        |   |  |                                     |                                    |
| Vijaya Diagnostics Centre Limited                      | 2,120.20   | 102.42%                         | 451.79                  | 97.64%                 | (1.40)                                      | 86.42%                                     | 450.39                              | 97.68%                             |
| <b>Subsidiaries (including step down subsidiaries)</b> |  |                                 |                         |                        |   |  |                                     |                                    |
| Medinova Diagnostic Services Limited                   | (72.02)  | -3.48%                          | 7.22                    | 1.56%                  | (0.16)                                      | 9.88%                                      | 7.06                                | 1.53%                              |
| VDC Diagnostic (Karnataka) LLP                         | (136.02)   | -6.57%                          | (23.13)                 | -5.00%                 | (0.06)                                      | 3.70%                                      | (23.19)                             | -5.03%                             |
| Doctors Lab Diagnostic Centre Private Limited          | (8.08)   | -0.39%                          | (0.56)                  | -0.12%                 | -   | 0.00%                                      | (0.56)                              | -0.12%                             |
| Medinova Millennium MRI Services LLP                   | (1.66)   | -0.08%                          | 0.35                    | 0.08%                  | -   | 0.00%                                      | 0.35                                | 0.08%                              |
| Namrata Diagnostic Centre Private Limited              | (9.56)   | -0.46%                          | (0.22)                  | -0.05%                 | -   | 0.00%                                      | (0.22)                              | -0.05%                             |
| <b>Non-controlling interest in all subsidiaries</b>    | <b>(3.72)</b>  | <b>-0.18%</b>                   | <b>3.98</b>             | <b>0.86%</b>           | <b>(0.06)</b>                               | <b>3.70%</b>                               | <b>3.92</b>                         | <b>0.85%</b>                       |
| <b>Total</b>   | <b>1,889.14</b>  | <b>91.15%</b>                   | <b>439.43</b>           | <b>94.97%</b>          | <b>(1.68)</b>                               | <b>103.70%</b>                             | <b>437.75</b>                       | <b>94.94%</b>                      |
| Consolidation adjustments                              | 180.96   | 8.74%                           | 23.29                   | 5.03%                  | 0.06  | -3.70%                                     | 23.35                               | 5.06%                              |
| <b>Net amount</b>                                      | <b>2,070.10</b>  | <b>100.00%</b>                  | <b>462.72</b>           | <b>100.00%</b>         | <b>(1.62)</b>                               | <b>100.00%</b>                             | <b>461.10</b>                       | <b>100.00%</b>                     |

**Note:**

The disclosure as above represents separate information for each of the consolidated entities after adjustment for restatement and before elimination of inter-company transactions. The net impacts on elimination of inter company transactions/profits/consolidation adjustments have been disclosed separately. Based on the group structure, the Management is of the view that the above disclosure is appropriate under requirements of the Act.

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

**Vijaya Diagnostic Centre Limited**

(formerly known as 'Vijaya Diagnostic Centre Private Limited')

CIN: U85195TG2002PLC039075

**Sriram Mahalingam**

Partner

Membership Number: 049642

**Dr. S Surendranath Reddy**

Executive Chairman

DIN Number: 00108599

**S Suprita Reddy**

Chief executive officer

**K. Sunil Chandra**

Executive Director

DIN Number: 01409332

**Narasimha Raju K.A**

Chief Financial Officer

**V. Sri Lakshmi**

Company Secretary

Membership Number: F9950

Place: Hyderabad

Date: August 16, 2021

Place: Hyderabad

Date: August 16, 2021

## OTHER FINANCIAL INFORMATION

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/period ended |               |                |                |                |
|---|---------------------------|---------------|----------------|----------------|----------------|
|   | June 30, 2021             | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Basic earnings per share* <sup>^</sup> (in ₹)   | 3.23                      | 0.19          | 8.26           | 6.13           | 4.50           |
| Diluted earnings per share* <sup>^</sup> (in ₹) | 3.23                      | 0.19          | 8.26           | 6.13           | 4.50           |
| Return on net worth* (%)                        | 8.48                      | 0.66          | 23.64          | 22.80          | 22.35          |
| Net asset value per share (in ₹)                | 38.53                     | 27.05         | 35.23          | 26.89          | 20.32          |
| EBITDA (₹ in million)                           | 601.39                    | 161.23        | 1,778.84       | 1,479.82       | 1,184.77       |
| Adjusted EBITDA (₹ in million)                  | 568.55                    | 138.41        | 1,659.77       | 1,326.21       | 1,081.20       |

\*Not annualised for the three month period ended June 30, 2021 and June 30, 2020

Notes: The ratios have been computed as under:

- Basic and diluted EPS: Restated profit for the year attributable to equity shareholders 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>Our Company has, pursuant to a Board resolution dated March 22, 2021 and Shareholders resolution dated March 22, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹1 each. Further subsequent to March 31, 2021, pursuant to a Board resolution dated May 26, 2021 and Shareholders resolution dated May 26, 2021, bonus share has been issued in the ratio of 5 equity shares for every 4 equity shares. Basic and diluted EPS are considered post sub-division and bonus issue.
- Net worth = net worth means the aggregate value of paid-up equity share capital and other equity created out of the profits, 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, derived from the Restated Financial Information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation

(₹ in million)

| Particulars  | As at         |               |                |                |                |
|--|---------------|---------------|----------------|----------------|----------------|
|  | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Equity share capital (A)                                       | 101.97        | 45.32         | 45.32          | 45.32          | 45.29          |
| Instruments entirely equity in nature (B)                      | -             | -             | -              | -              | 24.13          |
| Other equity (C)   | 3,821.29      | 2,718.93      | 3,544.74       | 2,700.11       | 2,004.40       |
| Equity attributable to owners of the Company (D) = (A)+(B)+(C) | 3,923.26      | 2,764.25      | 3,590.06       | 2,745.43       | 2,073.82       |
| Non-controlling interest (E)                                   | 5.82          | (5.97)        | 2.26           | (4.04)         | (3.72)         |
| Net Worth (F) = (D)+(E)  | 3,929.08      | 2,758.28      | 3,592.32       | 2,741.39       | 2,070.10       |

- 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         |               |                |                |                |
|--|---------------|---------------|----------------|----------------|----------------|
|  | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Net Worth (A)                                      | 3,929.08      | 2,758.28      | 3,592.32       | 2,741.39       | 2,070.10       |
| Profit/(loss) for the year (B)                     | 333.25        | 18.10         | 849.11         | 625.07         | 462.72         |
| Return on net worth <sup>^</sup> (C) = (B)/(A)*100 | 8.48          | 0.66          | 23.64          | 22.80          | 22.35          |

<sup>^</sup>Not annualised for the three month period ended June 30, 2021 and June 30, 2020

- Net assets value per share (in ₹): Net asset value per share is calculated by dividing net worth by number of equity shares outstanding at the end of the year

(₹ in million, except per share data)

| Particulars                           | As at         |               |                |                |                |
|---------------------------------------|---------------|---------------|----------------|----------------|----------------|
|                                       | June 30, 2021 | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Net Worth (A)                         | 3,929.08      | 2,758.28      | 3,592.32       | 2,741.39       | 2,070.10       |
| Nos of equity shares outstanding* (B) | 101,965,926   | 101,965,926   | 101,965,926    | 101,965,926    | 101,898,292    |
| Net asset value per share (C)         | 38.53         | 27.05         | 35.23          | 26.89          | 20.32          |

\*Our Company has, pursuant to a Board resolution dated March 22, 2021 and Shareholders resolution dated March 22, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹1 each. Further subsequent to March 31, 2021, pursuant to a Board resolution dated May 26, 2021 and Shareholders resolution dated May 26, 2021, bonus share has been issued in the ratio of 5 equity shares for every 4 equity shares. Net asset value per share is considered post sub-division and bonus issue

- EBITDA = Earnings before interest, taxes, depreciation and amortisation expense, which has been arrived at by obtaining the profit / (loss) for the year and adding back finance costs, total tax expense, depreciation and amortisation expense
- Adjusted EBITDA = EBITDA minus other income

(₹ in million)

| Particulars                               | For the year/ period ended |               |                |                |                |
|---|----------------------------|---------------|----------------|----------------|----------------|
|   | June 30, 2021              | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Profit/(loss) for the year (A)            | 333.25                     | 18.10         | 849.11         | 625.07         | 462.72         |
| Finance costs (B)                         | 40.03                      | 38.40         | 152.47         | 153.85         | 135.33         |
| Total tax expense (C)                     | 108.90                     | (11.62)       | 272.13         | 209.20         | 190.46         |
| Depreciation and amortisation expense (D) | 119.21                     | 116.35        | 504.53         | 491.70         | 396.26         |
| EBITDA (E) = (A)+(B)+(C)+(D)              | 601.39                     | 161.23        | 1,778.24       | 1,479.82       | 1,184.77       |
| Other income (F)                          | 32.84                      | 22.82         | 118.47         | 153.61         | 103.57         |
| Adjusted EBITDA (G) = (E)-(F)             | 568.55                     | 138.41        | 1,659.77       | 1,326.21       | 1,081.20       |



In accordance with the SEBI ICDR Regulations, the audited financial information of our Company for Financial Years 2019, 2020 and 2021 (“**Audited Financial Statements**”) are available on our website at <https://vijayadiagnostic.com/miscellaneous/annual-report>. 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 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. None of our Company or any of its advisors, nor BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

## CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at June 30, 2021, derived from our Restated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Financial Statements*” and “*Risk Factors*” on pages 225, 161, and 21, respectively.

(₹ in million)

| Particulars  | Pre-Offer (as at June 30, 2021) | Post Offer |
|--|---------------------------------|------------|
| <b>Debt</b>  |                                 |            |
| Current borrowings (A)   | 11.92                           | [●]        |
| Non-current borrowings (including current maturity) (B)                                | -                               | [●]        |
| <b>Total borrowings (C=A+B)</b>  | 11.92                           | [●]        |
| <b>Equity</b>  |                                 |            |
| Equity share capital (D)   | 101.97                          | [●]        |
| Other equity (E)   | 3,827.11                        | [●]        |
| <b>Total Equity (F= D+E)</b>   | 3,929.08                        | [●]        |
| <b>Total Capitalisation (G= C+F)</b>   | 3,941.00                        | [●]        |
| <b>Total non-current borrowings (including current maturities) /Total equity (B/F)</b> | -                               | [●]        |
| <b>Total borrowings/Total equity (C/F)</b>   | 0.00                            | [●]        |

**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 other financial liability in the Restated Financial Information

## FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of aggregate borrowings of our Companies and our Subsidiaries as of June 30, 2021

| (₹ in million)               |                   |                     |                 |
|------------------------------|-------------------|---------------------|-----------------|
| Category of borrowings       | Sanctioned amount | Outstanding amount* |                 |
| <i>Fund based facilities</i> |                   | <i>Principal</i>    | <i>Interest</i> |
| Overdraft                    | 75.50             | 11.92               | -               |
| <b>Total</b>                 | <b>75.50</b>      | <b>11.92</b>        | <b>-</b>        |

\* As certified by M. Anandam & Co, Chartered Accountants, in their certificate dated August 24, 2021

### Principal terms of the facilities sanctioned to our Company and Subsidiaries:

1. **Interest:** In respect of certain facilities sanctioned to our Company and Subsidiaries, the interest rate is based on the bank's fixed deposit rate extending from 5.25- 9.35% spread.
2. **Tenor:** The facilities are repayable on demand from the lender.
3. **Security:** The fixed deposit overdraft loan facilities sanctioned are typically secured by way of first charge on our Company's and our Subsidiaries deposits with the lender bank.
4. **Pre-payment:** Our Company and our Subsidiaries may repay all amounts of the credit facilities as mentioned in documentation executed in relation to the facilities.
5. **Penal interest:** The penal interest charged by the lenders for the loans availed by our Company and our Subsidiaries is typically 3% per month.
6. **Re-payment:** Our Company and Subsidiaries may repay all amounts of the credit facilities as mentioned in documentation executed in relation to the facilities.
7. **Events of Default:** Borrowing arrangements entered into by our Company and our Subsidiaries contain standard events of default, including in relation to a failure or inability to pay loan amounts on due dates. This is indicative and there may be additional terms that may amount to an event of default under the borrowing arrangements entered into by our Company and our Subsidiaries.
8. **Consequences of occurrence of events of default:** In terms of our borrowing arrangements, the lender bank may terminate and cancel either whole or part of the facility following the occurrence of an event of default
9. **Restrictive Covenants:** The facilities sanctioned to our Company contain certain restrictive covenants, including, intimating the lender bank with regards to any changes in the shareholding pattern of our Company. This is indicative list there may be such other additional terms under the borrowing arrangements entered into by our Company.

For the purpose of the Offer, our Company does not require to obtain any consents from our lenders for undertaking activities relating to the Offer.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion in conjunction with our restated consolidated financial statements as of the three months ended June 30, 2021 and 2020 and the financial years ended March 31, 2021, 2020, and 2019 including the related notes, schedules and annexures. These restated consolidated financial statements have been prepared under Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 to the extent applicable. For further information, see our Restated Financial Statements under "Financial Statements" on page 161.*

*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.*

*Unless otherwise indicated or the context otherwise requires, the financial information for the three months ended June 30, 2021 and 2020 and the Financial Years 2021, 2020 and 2019 included herein is derived from the Restated Financial Statements, included in this Red Herring Prospectus, which have been derived from our audited financial statements and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time. For further information, see "Financial Statements" on page 161.*

*The industry-related information contained in this section is derived from the CRISIL Report. We commissioned and paid for the CRISIL Report for the purposes of confirming our understanding of the industry specifically for the purpose of the Offer.*

*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 20 and 21, respectively.*

### Overview

We are the largest integrated diagnostic chain in southern India, by operating revenue, and also one of the fastest-growing diagnostic chain by revenue for fiscal year 2020 (*Source: CRISIL Report*). We offer an one-stop solution for pathology and radiology testing services to our customers through our extensive operational network, which consists of 81 diagnostic centres and 11 reference laboratories across 13 cities and towns in the states of Telangana and Andhra Pradesh and in the National Capital Region and Kolkata as on 30 June, 2021. During the fiscal year 2021, we derived 96.2% of our revenue from operations from our core geographies, Hyderabad and rest of Telangana and Andhra Pradesh.

Our history can be traced back to 1981, when our Promoter and Chairman, Dr. S. Surendranath Reddy established the first Vijaya Diagnostic Centre in Hyderabad, with a vision of providing comprehensive, innovative and high quality diagnostic services under one roof, in a reliable, affordable and customer-centric manner. The business was carried out under sole proprietorship, which was later taken over by our Company in 2005. According to the CRISIL Report, the Indian diagnostics market was valued at approximately ₹ 710 billion to ₹ 730 billion in the fiscal year 2021, and is projected to grow at CAGR of around 12% to 13% to reach approximately ₹ 920 billion to ₹ 980 billion by fiscal year 2023, driven by rise in health awareness and disposable incomes, increase in demand for better healthcare facilities and quality of care of individuals, and increase in spending on preventive and wellness. Furthermore, according to the CRISIL Report, the diagnostics market in Telangana and Andhra Pradesh, the states in which we have a significant presence, is projected to grow to approximately ₹ 120 billion to ₹ 130 billion by fiscal year 2023. We believe that the combination of our strong brand position driven by our long operating history in our core geographies, extensive network and reputation for providing quality diagnostic services positions us well to continue to grow our business in Telangana and Andhra Pradesh markets and take advantage of the growth of the Indian diagnostic industry.

We offer a comprehensive range of approximately 740 routine and 870 specialized pathology tests and approximately 220 basic and 320 advanced radiology tests that cover a range of specialties and disciplines, as of June 30, 2021. Our test menu includes pathology tests ranging from basic biochemistry and clinical pathology to cytogenetics and high-end molecular diagnostic tests, and radiology tests ranging from basic echocardiograms, X-rays and ultrasounds to advanced radiology tests including CT scans, MRI scans, SPECT and advanced PET CT. We also offer a broad spectrum of health and wellness packages to our customers as per their requirements. We focus on a customer centric approach to enhance the overall quality of our services for optimal customer satisfaction. For convenience of our customers, we provide value-added services such as home collection of specimens, house calls and various delivery or access modes (i.e., at diagnostic centres, SMS, email and web portal) for test reports. Several factors, including the strength of our brand, integrated services model, quality of our diagnostic services, center infrastructure and customer experience, convenience of our operational network and home collection in our core geographies are important differentiating factors in customers choosing us as their preferred diagnostic service provider, which helps us in retaining our customers, and sets us apart from our competitors.

We have implemented a 'hub and spoke' model, whereby specimens are collected across multiple locations within a catchment

area or a region for delivery to our reference laboratories for diagnostic testing. This model provides greater economies of scale and enhances consistency of our testing procedures and results. All of our centres offer integrated diagnostics services (pathology and radiology tests under one roof) with smaller spokes offering pathology tests and basic radiology tests and hub centres (ARCs) offering pathology tests, basic radiology tests and advanced radiology tests such as MRI, HRCT, SPECT and PET CT. As of June 30, 2021, our operational network consists of diagnostic centre network of (i) a flagship centre located in Hyderabad, which is our main 'hub' and equipped to conduct all of pathology specimens collection, basic and advanced radiology tests; (ii) 20 hub centres, which are equipped to conduct all of pathology specimens collection, basic radiology tests and certain advanced radiology tests; and (iii) 60 diagnostic centres, which are equipped to conduct a majority of pathology specimen collection and certain basic radiology tests; and a laboratory network of (i) a national reference laboratory co-located with our flagship centre; and (ii) 10 reference laboratories co-located with certain hub centres and diagnostic centres. Our diagnostic services are provided by a medical professional team consisting of 74 laboratory doctors, 19 physicians, 105 radiologists and 1,027 well-trained technical staff in our operational network, as of June 30, 2021. As of June 30, 2021, all of our laboratories hold NABL and three of our diagnostic centres hold NABH accreditations.

Our individual consumer business contributed to 92.09% of our revenue from operations for the fiscal year 2021, owing to the trust built while rendering, over decades, quality diagnostic services and experience gained. Over the years, we have received several awards that recognize the strength of our brand and our focus on offering superior diagnostic services. For examples, we were recognized as "One of the Best Healthcare Brands-2021" by The Economic Times in 2021, "For excellence in Quality and Accuracy" under the category Leading Diagnostics company with Excellence in Quality and Safety at the Diagnostics Leadership Summit in 2021, "Most Trusted Diagnostic Centre of the year – India" at the Indo-Arab Leaders Summit & Awards in 2019, "Best Diagnostic Centre of the Year" by Times Healthcare Achievers, The Times of India in 2019, "10 Most Trusted Brands of the Year" by the Business Sight Magazine in 2019 and "Telangana Healthcare Leadership Award" by the Telangana Government in 2018.

Our Company was founded and promoted by Dr. S. Surendranath Reddy, our executive Chairman, who is a first generation entrepreneur and has more than four decades of experience in integrated diagnostics business and is a radiologist. Our CEO, Sura Suprita Reddy, and executive director, Sunil Chandra Kondapally, have been involved in our business and operations since 2003 and 2002, respectively. Our shareholders include our Promoter, Dr. S. Surendranath Reddy, and marquee investors, Karakoram Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1; and we believe we have benefited significantly from their vision and leadership, and they along with our senior management, have been instrumental in formulating and executing the core strategy of our Company.

During three months ended June 30, 2021, we conducted approximately 1.96 million pathology tests and 0.22 million radiology tests for approximately 0.94 million customers. During fiscal 2020, our tests per customer visit was 2.8, our operating revenue per customer was ₹ 1,214 and our operating revenue per test was ₹ 428, all of which are higher as compared to our listed regional peers as per the CRISIL Report.

The table below shows our key financial and operational metrics:

| Particulars                                     | As of and for the three months ended June 30, 2021 | As of and for the three months ended June 30, 2020 | As of and for the year ended March 31, 2021 | As of and the for the year ended March 31, 2020 | As of and for the year ended March 31, 2019 |
|---|--|--|---|---|---|
| Number of diagnostic centres                    | 81   | 74   | 80  | 73  | 61  |
| Clinical laboratories                           | 11   | 11   | 11  | 11  | 11  |
| Number of customer visits (in million)          | 0.94   | 0.40   | 2.63  | 2.79  | 2.38  |
| Number of tests performed (in million)          | 2.18   | 1.05   | 7.09  | 7.91  | 6.99  |
| Number of tests per customer visit <sup>1</sup> | 2.31   | 2.61   | 2.69  | 2.83  | 2.93  |
| Revenue per test <sup>2</sup> (in ₹)            | 562  | 491  | 531   | 428   | 419   |
| Revenue per customer visit <sup>3</sup> (in ₹)  | 1,299  | 1,280  | 1,431                                       | 1,214   | 1,228                                       |

| Particulars | As of and for the three months ended June 30, 2021 | As of and for the three months ended June 30, 2020 | As of and for the year ended March 31, 2021 | As of and for the year ended March 31, 2020 | As of and for the year ended March 31, 2019 |
|-------------|--|--|---|---|---|
| ₹)          |  |  |   |   |   |

Notes:

<sup>1</sup> This figure is derived by dividing the number of tests performed by the number of customer visits.

<sup>2</sup> This figure is derived by dividing revenue from operations, as per Restated Financial Statements, by the number of tests performed.

<sup>3</sup> This figure is derived by dividing revenue from operations as per Restated Financial Statements, by the number of customer visits.

## Significant Factors Affecting Our Results of Operations

### Number of Customers Served and Tests Conducted

The key drivers affecting the growth of our revenue from operations are the number of pathology and radiology tests that we conduct as well as the number of customers served by us. During the three months ended June 30, 2021 and 2020, we conducted approximately 2.18 million tests from approximately 0.94 million customer visits and approximately 1.05 million tests from approximately 0.40 million customer visits, respectively. During the financial years 2021, 2020 and 2019, we conducted approximately 7.09 million, 7.91 million and 6.99 million tests from 2.63 million, 2.79 million and 2.38 million customer visits, respectively. We offer a comprehensive range of approximately 740 routine and 870 specialised pathology tests and 220 basic and 320 advanced radiology tests that cover a range of specialties and disciplines, as of June 30, 2021. Our operations are supported by a laboratory network consisting of 11 laboratories, including our national reference laboratory and 10 reference laboratories, co-located with our diagnostic centres, and a service network consisting of one flagship diagnostic centre, 20 hub centres and 60 diagnostic centres, as of June 30, 2021.

The number of customer visit is also dependent on our ability to maintain and improve our brand image, which in turn depends on several factors such as the quality and efficiency of our pathology tests, radiology tests, turnaround time and customer satisfaction, the performance of our service network, the introduction of new tests and services and our ability to maintain strong relationships with customers and vendors. While we expect to continue to serve a higher number of customer visit in the future, the diagnostics industry in India is highly competitive, and it is challenging to improve market share and profitability. Consequently, our ability to grow our revenues depends on our ability to compete successfully and attract new customers.

### Revenue Mix between Individual Customers and Institutional Customers

Our results of operations are affected by the customer mix serviced by us. In general, a higher percentage of individual customers will have a positive impact on our revenues as services rendered to such customers tend to have higher profit margins than services rendered to institutional customers. A substantial majority of our customers are individual customers, with over 92.09% of our revenues from operations for the financial year 2021, being directly attributed to our individual consumer business, as a result of the strength of our brand, our integrated services model, quality of our diagnostics, our centre infrastructure and customer experience, the convenience of our centre network and home collection in our core geographies. We intend to continue to focus on increasing the number of our individual customers through various initiatives such as expanding our service network to create visibility, increase our presence in the market, boost our home collection services and preventive and wellness services. In addition, we have employed focused sales and support team for our institutional customer and aim to strive for growth in volume and revenue generated from institutional customers concurrently.

### Cost of Materials Consumed

During our course of business, we regularly consume reagents, chemicals, radiology supplies and other related consumables. For the three months ended June 30, 2021 and 2020, our cost of materials consumed was ₹ 210.84 million and ₹ 75.54 million, or 25.79% and 14.16% of our total expenses. For the financial years 2021, 2020 and 2019, our cost of materials consumed was ₹ 570.95 million, ₹ 439.06 million and ₹ 404.78 million, or 20.65%, 16.22% and 17.03%, respectively of our total expenses. Our cost of materials as percentage of total revenue from operations is affected by various factors including repricing of vendor contracts for reagents, initiatives for improving operational efficiencies and increased economies of scale of our operations.

As we continue to expand our operations and test portfolio, we would need to procure additional volumes of raw materials. We depend on third-party vendors and suppliers to procure our testing reagents, chemicals, radiology supplies. The procurement cost of foreign produced reagents and other materials may change due to several factors including depreciation of Indian Rupee, and our suppliers may therefore demand to re-negotiate the supply contracts with us. In the event of an increase in the price of such items, we may not be able to correspondingly increase the price of our services.

### Periods of Disease Outbreaks

Our revenues and results of operations have fluctuated in the past and may continue to fluctuate significantly due to periods of disease outbreaks, such as COVID-19, malaria and dengue. Diagnostic healthcare testing volumes typically increase during the

monsoon season, when there is a greater prevalence of malaria and dengue, as well as gastrointestinal and respiratory diseases. The increased prevalence of a particular virus or other pathogen in the general population often causes an increased demand for specific diagnostic healthcare testing for that virus. However, certain of our expenses are less impacted by fluctuations in demand, as a significant portion of our costs and expenses such as employee benefits expense, annual maintenance contracts for radiology equipment, housekeeping, security expenses are fixed, unlike the costs of medical consumables. As a result of such seasonal and other factors, we experience year-on-year fluctuations and we expect such seasonal patterns in our results of operations to continue in the foreseeable future.

There is significant uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future responses by the Government, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on our business, operations or potential expansion plans in the future. The recent surge in COVID-19 infections has led to states in India having imposed and other states considering the imposition of additional regional or local lockdowns or curfews. For example, the state of Telangana on May 12, 2021 had imposed a complete lock down, and the state of Andhra Pradesh had on May 5, 2021 imposed a partial lock down, each to prevent the further spread of COVID-19. The COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways such as reduction of working hours at a few of our centres, reduction of demand of certain tests, preference of COVID-19 test over the others and delays in expansion plans. We currently provide RT-PCR tests for detection of COVID-19 at 25 diagnostic centres across nine cities and towns. The continuing impact of COVID-19 pandemic on our financial condition remains uncertain and is dependent on the spread of COVID-19 and steps taken by the Government to mitigate the economic impact and may differ from our estimates. We are closely monitoring the impact of COVID-19 on our financial condition, liquidity, operations, suppliers and work force. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition. Further, we have experienced and may further experience, Government instructions to reduce or cap the price of COVID-19 tests, for example, the Government of Telangana had in November 2020 reduced the maximum price of the RT-PCR tests from ₹ 2,200 to ₹ 850 and subsequently in December 2020 to ₹ 500 (for samples collected at laboratories), and the Government of Andhra Pradesh had fixed the price of the RT-PCR tests for samples sent by individuals to approved laboratories from ₹ 2,900 to ₹ 1,000 in November 2020 and subsequently to ₹ 499 in December 2020, which may adversely affect our business, results of operations and financial condition. See *“Risk Factors – Our business, financial condition and results of operations may be adversely affected by global health epidemics, including the recent COVID-19 outbreak, and the continuing effect of the same cannot be predicted.”* on page 22.

### ***Changes in Government Regulations and Policies***

We are subject to government regulations, which can affect our results of operations. These regulations could change at any time, with little or no warning or time for us to prepare. For example, the prices that we charge for our services could become subject to recommended or maximum fees set by the Government or other authorities. In addition, we are required to obtain and maintain a number of statutory and regulatory registrations, permits and approvals under central, state and local government rules in India, generally for carrying out our business and for each of our facilities. The implementation and/or changes in Government regulations and policies affecting the prices we charge and licensing requirements may, in effect, limit our ability to charge customers higher prices for our services and affect our operation capability. For further details, see *“Risk Factors – Non-compliance with and changes in any of the applicable laws, rules or regulations, including pricing, safety, health and environmental laws, may adversely affect our business, results of operations and financial condition and cash flows”*, *“Risk Factors –We require certain approvals, licenses, registrations and permits for conducting our business and our inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect our business, results of operations and financial condition.”* and *“Risk Factors –Implementation of pricing policies by the Government or other authorities could adversely affect our business, results of operations and financial condition”* on pages 26, 27 and 29, respectively.

Currently, the provision of diagnostic services in India is exempt from GST. Any change in Government regulation in this regard may significantly affect our operations due to an increase in operating costs.

### **Statement of Significant Accounting Policies**

#### *Use of estimates and judgements*

In preparing our consolidated financial statements, 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 recognised prospectively in the consolidated statement of profit and loss in the period in which the estimates are revised and in any future periods affected.

The areas involving critical estimates or judgements are:

- Classification of lease;
- Impairment test for goodwill generated on consolidation;
- Determination of useful lives of property, plant and equipment and intangibles;
- Impairment of financial assets;
- Measurement of defined benefit obligations; and
- Recognition and measurement of provisions and contingencies.

### ***Principles of consolidation***

#### ***Subsidiaries***

The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's separate financial statements unless stated otherwise.

#### ***Non-controlling interests***

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Profit or loss and each component of other comprehensive income are attributed to the equity holders of our Company and to the non-controlling interest, even if this results in the non-controlling interests have a deficit balances. Changes in our equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When we lose control over a subsidiary, we derecognise the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

#### ***Business combinations***

In accordance with Ind AS 103, we account for these business combinations using the acquisition method when the control is transferred to us. The consideration transferred for the business combinations is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

### ***Property plant and equipment***

#### ***Recognition and measurement***

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

#### ***Subsequent costs***

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.

#### ***Depreciation***

Depreciation on property, plant and equipment, other than leasehold improvements, is provided under the written down value method in the manner prescribed under Schedule II of the Companies Act, 2013, except in the following case where the life is different than as indicated in Schedule II of the Companies Act, 2013, which is based on the technical assessment and management estimates of useful life carried out by the management:



| Particulars                            | Management's estimate of useful life | Useful life as per Schedule II |
|--|--------------------------------------|--------------------------------|
| Medical and diagnostic equipment       | 5 years – 13 years                   | 13 years                       |
| Other equipment                        | 7 years – 15 years                   | 15 years                       |
| Furniture and Fixtures                 | 5 years – 10 years                   | 10 years                       |
| Office equipment                       | 3 years – 5 years                    | 5 years                        |
| End user devices such as laptops, etc. | 3 years – 5 years                    | 3 years                        |

For building on leasehold land, the depreciation is charged based on useful life of the building or the lease period whichever is lower. In the case of leased hold building improvements, the depreciation is charged based on useful life of the improvements which is 10 years or lease period whichever is lower.

### ***Intangible assets***

Intangible assets that are acquired, are recognised at cost initially and carried at cost less accumulated amortisation and accumulated impairment loss, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

#### ***Goodwill***

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Our goodwill on consolidation is tested for impairment annually or more frequently if there are indications that goodwill might be impaired.

#### ***Amortisation***

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the written down value method, and is recognised in depreciation and amortisation in statement of profit and loss. The estimated useful lives for current and comparative periods are as follows:

- Software – 5 years

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted if appropriate.

### ***Impairment of assets***

#### ***Impairment of financial assets***

We recognise loss allowances for expected credit losses on financial assets measured at amortised cost and trade receivables. At each reporting date, we 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.

We measure loss allowances at an amount equal to lifetime expected credit losses. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, we consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on our historical experience and informed credit assessment and including forward-looking information.

#### ***Impairment of non-financial assets***

Our 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.

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.

In respect of assets for which impairment loss has been recognised in prior periods, we review 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 has been recognised.

### ***Inventories***

Inventories comprise of diagnostic kits, reagents, laboratory chemicals and consumables. Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for recoverable taxes. The comparison of cost and net realisable value is made on an item-by-item basis.

### ***Cash and Cash Equivalents***

Cash and cash equivalents in the statement of cash flows 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.

### ***Revenue Recognition***

Revenue comprise of income from diagnostic services and income from sale of privilege cards. Revenue from diagnostic services is recognised on amount billed minus any discounts or concessions and when the testing samples are processed for requisitioned test, to the extent that it is probable that the economic benefits will flow to us and revenue can be reliably measured. For multiple tests, we measure the revenue in respect of each performance obligation at its relative standalone selling price, being the price that is regularly charged for a test separately registered, and the transaction price is allocated accordingly. Revenue from sale of privilege cards is recognised from the sale of such cards over the period of which the card is valid. Such privilege cards are sold to customers against which specified discounts are given on the future diagnostic services availed by the customer for a specific period.

### ***Interest income***

Interest income is recorded using the effective interest rate method (“**EIR**”). EIR is the rate which exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition. When calculating the EIR we estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions, call and similar options); expected credit losses are considered if the credit risk on that financial instrument has increased significantly since initial recognition.

### ***Dividend income***

Dividends are recognised in the statement of profit and loss on the date on which our right to receive payment is established.

### ***Employee Benefits***

#### ***Short-term Employee benefits***

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### ***Share based payments***

Our employees receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes valuation model. The grant date fair value of options granted to employees is recognised as employee expense with a corresponding increase in employee stock options reserve, over the period in which the eligibility conditions are fulfilled and the employees unconditionally become entitled to the awards. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### ***Other long-term employee benefits***

The liabilities for earned leave and sick leave are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period by a qualified actuary using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

#### *Post-Employment Benefits*

##### 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. We make specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

##### Defined Benefit Plans:

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

#### *Leases*

Lease contracts entered by us majorly pertains for buildings taken on lease to conduct our business in the ordinary course.

##### *We as a Lessor:*

Leases for which we are a lessor are classified as a finance or operating lease. Whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on straight line basis over the term of relevant lease.

##### *We as a Lessee:*

We apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. We recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Previously, we assessed leases at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, we assess whether a contract is or contains a lease based on the definition of lease. On transition of IND AS 116, we elected to apply practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore the definition of lease under Ind AS 116 was applied only to contracts entered into or changed on or after April 01, 2018.

We determine the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if we are reasonably certain to exercise that option; and periods covered by an option to terminate the lease if we are reasonably certain not to exercise that option. In assessing whether we are 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 us to exercise the option to extend the lease, or not to exercise the option to terminate the lease. We revise the lease term if there is a change in the noncancelable period of a lease.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at our incremental borrowing rate as at April 01, 2018. 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.

We 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.

#### *Right of use asset:*

We recognise right-of-use asset representing our right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use 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. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

#### *Lease Liability:*

We measure the lease liability at present value of the future lease payments at the commencement date of the lease. 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, we use incremental borrowing rate as at the commencement of lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. We recognise the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, we recognise any remaining amount of the re-measurement in statement of profit and loss.

#### *Income-tax*

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates 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 Income tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purpose.

Deferred tax liabilities are not 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 the transaction and temporary differences related to investments in subsidiaries to the extent that we are able to control the timing of the reversal of the temporary differences and it is probable that they 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, we recognise 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. Deferred tax assets 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 we expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

## **Segmental Information**

### *Basis for segmentation*

Our operations fall within a single business segment, diagnostic services.

### *Geographic information*

We operate within India and there is no assets or liabilities outside India.

## **Components of our Income and Expenses**

Our income and expenditure is reported in the following manner:

### ***Income***

Total income consists of revenue from operations and other income.

*Revenue from operations.* Revenue from operations comprises of revenue from providing diagnostic services such as health check-up and laboratory services to individual and institutional customers, income from franchise and sale of scrap.

*Other Income.* Other income primarily comprises of interest on bank deposits, electricity deposits and other financial assets carried at amortised cost, profit on sale of mutual fund investments, fair value gain on mutual funds measured at fair value through profit or loss, net gain on sale or retirement of property, plant and equipment, liabilities no longer required written back, profit on slump sale and insurance claim received.

### ***Expenses***

Total expenses comprise of cost of materials consumed, employee benefits expenses, finance costs, depreciation and amortisation expenses and other expenses.

*Cost of Materials Consumed.* Cost of materials consumed comprises costs incurred towards the purchase of all the raw materials that we require for conducting clinical laboratory tests and profiles.

*Employee Benefits Expenses.* Employee benefits expenses comprise of salaries, wages and bonus, contribution to provident and other funds, gratuity expenses, share based payments expenses and staff welfare expenses.

*Finance Costs.* Finance costs comprise of interest on term loans, interest on deferred purchase consideration measured at amortised cost and interest expense on lease liabilities.

*Depreciation and Amortisation Expenses.* Depreciation and amortisation expenses comprise of depreciation on property plant and equipment, amortisation of intangible assets and depreciation on right of use assets.

*Other Expenses.* Other expenses primarily comprise of legal and professional expenses, repairs and maintenance, power and fuel, house-keeping expenses, testing charges, security expenses, samples collection charges, postage and communication expenses, advertisement, publicity and marketing expenses, expenditure on corporate social responsibility and rates and taxes.

## **Our Results of Operations**

The following table sets forth select financial data from our restated consolidated statement of profit and loss for the period of three months ended June 30, 2021 and June 30, 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:

|  | Three months ended June 30, 2021 |                     |                |                     | Financial Year  |                     |                 |                     |                 |                     |
|--|----------------------------------|---------------------|----------------|---------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|
|  | 2021                             |                     | 2020           |                     | 2021            |                     | 2020            |                     | 2019            |                     |
|  | (₹ in million)                   | (% of Total Income) | (₹ in million) | (% of Total Income) | (₹ in million)  | (% of Total Income) | (₹ in million)  | (% of Total Income) | (₹ in million)  | (% of Total Income) |
| <b>Income:</b>   |                                  |                     |                |                     |                 |                     |                 |                     |                 |                     |
| Revenue from operations  | 1,226.86                         | 97.39               | 517.10         | 95.77               | 3,767.46        | 96.95               | 3,388.21        | 95.66               | 2,925.87        | 96.58               |
| Other income   | 32.84                            | 2.61                | 22.82          | 4.23                | 118.47          | 3.05                | 153.61          | 4.34                | 103.57          | 3.42                |
| <b>Total Income</b>  | <b>1,259.70</b>                  | <b>100</b>          | 539.92         | <b>100</b>          | <b>3,885.93</b> | <b>100</b>          | <b>3,541.82</b> | <b>100</b>          | <b>3,029.44</b> | <b>100</b>          |
| <b>Expenses:</b>   |                                  |                     |                |                     |                 |                     |                 |                     |                 |                     |
| Cost of materials consumed   | 210.84                           | 16.74               | 75.54          | 13.99               | 570.95          | 14.69               | 439.06          | 12.40               | 404.78          | 13.36               |
| Employee benefits expenses   | 161.47                           | 12.82               | 128.52         | 23.80               | 574.35          | 14.78               | 624.01          | 17.62               | 538.80          | 17.79               |
| Finance costs  | 40.03                            | 3.18                | 38.40          | 7.11                | 152.47          | 3.92                | 153.85          | 4.34                | 135.33          | 4.47                |
| Depreciation and amortisation expense                                    | 119.21                           | 9.46                | 116.35         | 21.55               | 504.53          | 12.98               | 491.70          | 13.88               | 396.26          | 13.08               |
| Other expenses   | 286.00                           | 22.70               | 174.63         | 32.34               | 962.39          | 24.77               | 998.93          | 28.20               | 901.09          | 29.74               |
| <b>Total Expenses</b>  | <b>817.55</b>                    | <b>64.90</b>        | 533.44         | <b>98.80</b>        | <b>2,764.69</b> | <b>71.15</b>        | <b>2,707.55</b> | <b>76.45</b>        | <b>2,376.26</b> | <b>78.44</b>        |
| <b>Profit before tax</b>   | <b>442.15</b>                    | <b>35.10</b>        | <b>6.48</b>    | <b>1.20</b>         | <b>1,121.24</b> | <b>28.85</b>        | <b>834.27</b>   | <b>23.55</b>        | <b>653.18</b>   | <b>21.56</b>        |
| <b>Income Tax expenses:</b>  |                                  |                     |                |                     |                 |                     |                 |                     |                 |                     |
| Current Tax  | 117.41                           | 9.32                | 23.60          | 4.37                | 317.41          | 8.17                | 230.64          | 6.51                | 196.66          | 6.49                |
| Deferred Tax expense/(income)  | (8.51)                           | (0.68)              | (35.22)        | (6.52)              | (45.28)         | (1.17)              | (21.44)         | (0.61)              | (6.20)          | (0.20)              |
| <b>Total tax expense</b>   | <b>108.90</b>                    | <b>8.64</b>         | <b>(11.62)</b> | <b>(2.15)</b>       | <b>272.13</b>   | <b>7.00</b>         | <b>209.20</b>   | <b>5.91</b>         | <b>190.46</b>   | <b>6.29</b>         |
| <b>Profit for the period/ year</b>                                       | <b>333.25</b>                    | <b>26.45</b>        | <b>18.10</b>   | <b>3.35</b>         | <b>849.11</b>   | <b>21.85</b>        | <b>625.07</b>   | <b>17.65</b>        | <b>462.72</b>   | <b>15.27</b>        |
| Other Comprehensive Income / (Expense) for the period/ year (Net of tax) | (0.22)                           | (0.02)              | (1.99)         | (0.37)              | (0.14)          | -                   | (1.31)          | (0.04)              | (1.62)          | (0.05)              |
| <b>Total Comprehensive Income for the period/ year</b>                   | <b>333.03</b>                    | <b>26.44</b>        | <b>16.11</b>   | <b>2.98</b>         | <b>848.97</b>   | <b>21.85</b>        | <b>623.76</b>   | <b>17.61</b>        | <b>461.10</b>   | <b>15.22</b>        |

**Three months ended June 30, 2021 compared to three months ended June 30, 2020**

Our total income increased by 133.31% to ₹ 1,259.70 million for the three months ended June 30, 2021 from ₹ 539.92 million

for the three months ended June 30, 2020, due to an increase in both the revenue from operations and other income.

**Revenue from Operations.** Our revenue from operations increased to ₹ 1,226.86 million for the three months ended June 30, 2021 from ₹ 517.10 million for the three months ended June 30, 2020, primarily due to the increase in the volumes both in terms of number of tests and the footfall count.

**Other income.** Our other income increased by 43.91% to ₹ 32.84 million for the three months ended June 30, 2021 from ₹ 22.82 million for the for the three months ended June 30, 2020, primarily due to the increase in interest income from fixed deposits with banks and the increase in gain of fair value of mutual funds.

### **Expenses**

**Cost of material consumed.** Cost of materials consumed increased by 179.11% to ₹210.84 million for the three months ended June 30, 2021 from ₹ 75.54 million for the three months ended June 30, 2020, primarily due to the purchase of higher volumes of reagent kits, chemicals, films and other materials required for performing the diagnostic tests. As a percentage of revenue from operations, our cost of materials consumed was 17.19% and 14.61% for the three months ended June 30, 2021 and 2020, respectively.

**Employee benefits expense.** Employee benefits expense increased by 25.64% to ₹ 161.47 million for the three months ended June 30, 2021 from ₹ 128.52 million for the three months ended June 30, 2020, primarily due to an increase in salaries, wages and bonus to ₹ 143.95 million for the three months ended June 30, 2021 from ₹ 113.41 million for the three months ended June 30, 2020. The increase in salaries and other benefits was due to an increase in number of employees due to the commencement of business of the new centres post June 30, 2020 and the annual salary increments given to our employees. The number of employees increased to 2,325 as at June 30, 2021 from 1,993 as at June 30, 2020.

**Finance costs.** Our finance costs increased by 4.24% to ₹ 40.03 million for the three months ended June 30, 2021 from ₹ 38.40 million for the three months ended June 30, 2020, primarily due to the increase in notional interest cost on lease liabilities computed as per accounting standard IND AS 116 by 20.00% to ₹33.61 million for the three months ended June 30, 2021 from ₹ 28.01 million for the three months ended June 30, 2020 on account of new leases entered into by our company subsequent to June 30, 2020.

**Depreciation and amortisation expense.** Our depreciation and amortisation expense increased by 2.46% to ₹ 119.21 million for the three months ended June 30, 2021 from ₹ 116.35 million for the three months ended June 30, 2020, primarily due to an increase in amortisation of right to use assets computed as per accounting standard IND AS 116 by 13.70% to ₹ 45.30 million for the three months ended June 30, 2021 from ₹ 39.84 million for the three months ended June 30, 2020.

**Other expenses.** Our other expenses increased by 63.77% to ₹ 286.00 million for the three months ended June 30, 2021 from ₹ 174.63 million for the three months ended June 30, 2020, primarily due to an increase in legal and professional expenses to ₹ 145.09 million for the three months ended June 30, 2021 from ₹ 64.70 million for the three months ended June 30, 2020, which was due to an increase in services availed from various consultants in line with increase in volume of the business, an increase in power and fuel expenses to ₹ 30.09 million for the three months ended June 30, 2021 from ₹ 25.47 million for the three months ended June 30, 2020, which was primarily due to an increase in the volume of business and an increase in repairs and maintenance fees to ₹ 37.26 million for the three months ended June 30, 2021 from ₹ 27.73 million for the three months ended June 30, 2020, which was primarily due to an increase in maintenance activities over the period.

**Tax expenses.** Our total tax expense increased to ₹ 108.90 million for the three months ended June 30, 2021 from total tax income of ₹ 11.62 million for the three months ended June 30, 2020. Our tax expenses for the three months ended June 30, 2021 comprised a current tax expense of ₹ 117.41 million and a deferred tax income of ₹ 8.51 million, while our tax expenses for the three months ended June 30, 2020 comprised a current tax expense of ₹ 23.60 million and a deferred tax income of ₹ 35.22 million. Our effective tax rate was 24.63% for the three months ended June 30, 2021 and the net tax expense was negative for the three months ended June 30, 2020 due to deferred tax income arising out of sale of mutual funds..

**Profit for the year.** Our profit for the year increased to ₹ 333.25 million for the three months ended June 30, 2021 from ₹ 18.10 million for the three months ended June 30, 2020.

### **Financial Year 2021 compared to Financial Year 2020**

#### **Income**

Our total income increased by 9.72% to ₹ 3,885.93 million for the financial year 2021 from ₹ 3,541.82 million for the financial year 2020, due to an increase in revenue from operations, which was partially offset by a decrease in other income.

**Revenue from Operations.** Despite the adverse impact brought by the ongoing COVID-19 pandemic, in particular in the first quarter of financial year 2021, our revenue from operations increased by 11.19% to ₹ 3,767.46 million for the financial year

2021 from ₹ 3,388.21 million for the financial year 2020, primarily due to the increase in revenue from COVID RT-PCR tests and the commencement of operation of seven new diagnostic centres, partially offset by the decrease in revenue from other pathology and radiology tests caused by the pandemic.

*Other income.* Our other income decreased by 22.88% to ₹ 118.47 million for the financial year 2021 from ₹ 153.61 million for the financial year 2020, primarily due to the decreases in sale (including profit) of mutual fund investments, fair value gain on mutual funds and sale (including net gain) on retirement of property, plant and equipment, while partially offset by the increases in interest income on bank deposits and electricity deposits and liabilities no longer required to be written back.

### **Expenses**

*Cost of material consumed.* Cost of materials consumed increased by 30.04% to ₹ 570.95 million for the financial year 2021 from ₹ 439.06 million for the financial year 2020, primarily due to the purchase of higher volumes of reagent kits, chemicals, films and other materials required for performing the diagnostic tests. The difference in percentage increase in cost of materials consumed and the revenue from operations was brought by the change in mix of tests conducted. As a percentage of revenue from operations, our cost of materials consumed was 15.15% and 12.96% for the financial year 2021 and 2020, respectively.

*Employee benefits expense.* Employee benefits expense decreased by 7.96% to ₹ 574.35 million for the financial year 2021 from ₹ 624.01 million for the financial year 2020, primarily due to a decrease in salaries, wages and bonus to ₹ 513.74 million for the financial year 2021 from ₹ 571.31 million for the financial year 2020, which was partially offset by the increase in staff welfare expenses. The decrease in salaries and other benefits was due to certain cost control measures undertaken by us as a result of and during the COVID-19 pandemic, such as salary adjustments. The number of employees increased to 2,218 as at March 31, 2021 from 2,116 as at March 31, 2020.

*Finance costs.* Our finance costs decreased to ₹ 152.47 million for the financial year 2021 from ₹ 153.85 million for the financial year 2020, primarily due to an decrease in interest on borrowings measured at amortised cost to ₹ 15.67 million for the financial year 2021 from ₹ 34.07 million for the financial year 2020, which was partially offset by an increase in interest paid on lease liabilities to ₹ 114.13 million for the financial year 2021 from ₹ 99.25 million for the financial year 2020, as a result of the application of Ind AS 116.

*Depreciation and amortisation expense.* Our depreciation and amortisation expense increased by 2.61% to ₹ 504.53 million for the financial year 2021 from ₹ 491.70 million for the financial year 2020, primarily due to an increase in depreciation of rights-of-use assets to ₹ 164.21 million for the financial year 2021 from ₹ 143.95 million for the financial year 2020, which was partially offset by the decrease in depreciation of tangible assets to ₹ 335.68 million for the financial year 2021 from ₹ 341.49 million for the financial year 2020 and decrease in amortisation of intangible assets to ₹ 4.64 million for the financial year 2021 from ₹ 6.26 million for the financial year 2020.

*Other expenses.* Our other expenses decreased by 3.66% to ₹ 962.39 million for the financial year 2021 from ₹ 998.93 million for the financial year 2020, primarily due to a decrease in legal and professional expenses to ₹ 462.01 million for the financial year 2021 from ₹ 507.03 million for the financial year 2020, which was due to certain cost control measures undertaken by us during the COVID-19 pandemic and a decrease in advertisement, publicity and marketing expenses to ₹ 13.81 million for the financial year 2021 from ₹ 32.47 million for the financial year 2020, which was primarily due to reduction in advertisement activities during the COVID-19 pandemic, which was partially offset by the increase in testing charges to ₹ 46.18 million for the financial year 2021 from ₹ 8.90 million for the financial year 2020, due to the change in mix of tests conducted.

*Tax expenses.* Our total tax expense increased by 30.08% to ₹ 272.13 million for the financial year 2021 from ₹ 209.20 million for the financial year 2020. Our tax expenses for the financial year 2021 comprised a current tax expense of ₹ 317.41 million and a deferred tax income of ₹ 45.28 million, while our tax expenses for the financial year 2020 comprised a current tax expense of ₹ 230.64 million and a deferred tax income of ₹ 21.44 million. Our effective tax rate was 24.27% and 25.08% for the financial year 2021 and 2020, respectively.

*Profit for the year.* Our profit for the year increased by 35.84% to ₹ 849.11 million for the financial year 2021 from ₹ 625.07 million for the financial year 2020.

### **Financial Year 2020 compared to Financial Year 2019**

#### **Income**

Our total income increased by 16.91% to ₹ 3,541.82 million for the financial year 2020 from ₹ 3,029.44 million for the financial year 2019, due to an increase in revenue from operations and other income.

*Revenue from Operations.* Our revenue from operations increased by 15.80% to ₹ 3,388.21 million for the financial year 2020 from ₹ 2,925.87 million for the financial year 2019, primarily due to an overall growth in our business as we conducted 7.91 million tests and profiles for the financial year 2020 as compared to 6.99 million tests and profiles for the financial year 2019,



and the increase in number of diagnostic centres to 73 diagnostic centres as at March 31, 2020 from 61 diagnostic centres as at March 31, 2019.

**Other income.** Our other income increased by 48.32% to ₹ 153.61 million for the financial year 2020 from ₹ 103.57 million for the financial year 2019, primarily due to an increase in profit on sale of mutual fund investments to ₹ 49.02 million for the financial year 2020 from ₹ 9.06 million for the financial year 2019, a one-off profit on slump sale of ₹ 18.22 million during the financial year 2020 and an increase in interest income on bank deposits and electricity deposits to ₹ 39.28 million for the financial year 2020 from ₹ 26.41 million for the financial year 2019, which was partially offset by a decrease in gain on fair valuation of mutual fund investments to ₹ 16.81 million for the financial year 2020 from ₹ 43.65 million for the financial year 2019.

## **Expenses**

**Cost of material consumed.** Cost of materials consumed increased by 8.47% to ₹ 439.06 million for the financial year 2020 from ₹ 404.78 million for the financial year 2019, primarily due to the purchase of higher volumes of reagent kits, chemicals, films and other materials required for performing the diagnostic tests. As a percentage of revenue from operations, our cost of materials consumed was 12.96% and 13.83% for the financial year 2020 and 2019, respectively, the slight decrease in percentage of cost of materials over revenue from operations was due to the change in mix of tests conducted during the financial year 2020 as compared to financial year 2019.

**Employee benefits expense.** Employee benefits expenses increased by 15.81% to ₹ 624.01 million for the financial year 2020 from ₹ 538.80 million for the financial year 2019, primarily due to an increase in salaries, wages and bonus to ₹ 571.31 million for the financial year 2020 from ₹ 497.22 million for the financial year 2019. The increase in salaries and other benefits was due to an increase in number of employees employed by us due to the opening of 13 diagnostic centres during financial year 2020, an increase in employee benefit expenses due to full year operations for diagnostic centres which were opened during financial year 2019 and annual increments for existing employees. The number of employees increased to 2,116 as at March 31, 2020 from 1,927 as at March 31, 2019.

**Finance costs.** Our finance costs increased by 13.69% to ₹ 153.85 million for the financial year 2020 from ₹ 135.33 million for the financial year 2019, primarily due to increase in interest paid on lease liabilities adjusted on account of transition to Ind AS 116 to ₹ 99.25 million for the financial year 2020 from ₹ 84.69 million for the financial year 2019 and an increase in interest paid on borrowings measured at amortised cost to ₹ 34.07 million for the financial year 2020 from ₹ 31.79 million for the financial year 2019.

**Depreciation and amortisation expense.** Our depreciation and amortisation expense increased by 24.09% to ₹ 491.70 million for the financial year 2020 from ₹ 396.26 million for the financial year 2019, primarily due to an increase in depreciation on assets to ₹ 341.49 million for the financial year 2020 from ₹ 277.08 million for the financial year 2019 and an increase in depreciation of right of use of assets due to the implementation of Ind AS 116 to ₹ 143.95 million for the financial year 2020 from ₹ 115.64 million for the financial year 2019, as a result of the increase in our number of diagnostic centres.

**Other expenses.** Our other expenses increased by 10.86% to ₹ 998.93 million for the financial year 2020 from ₹ 901.09 million for the financial year 2019, primarily due to an increase in legal and professional fees caused by an increase in volume of services availed from various consultants to ₹ 507.03 million for the financial year 2020 from ₹ 454.43 million for the financial year 2019, an increase in power and fuel to ₹ 107.19 million for the financial year 2020 from ₹ 92.89 million for the financial year 2019, which was due to an increase in the number of diagnostic centres operated by us and an increase in repairs and maintenance expenses to ₹ 115.18 million for the financial year 2020 from ₹ 102.10 million for the financial year 2019, which was due to increase in maintenance activities led by expansion of diagnostic centres, such as repairs and upgrading of buildings and maintenance of machines and equipment.

**Tax expenses.** Our total tax expense increased by 9.84% to ₹ 209.20 million for the financial year 2020 from ₹ 190.46 million for the financial year 2019. Our tax expenses for the financial year 2020 comprised a current tax expense of ₹ 230.64 million and a deferred tax income of ₹ 21.44 million, while our tax expenses for the financial year 2019 comprised a current tax expense of ₹ 196.66 million and a deferred tax income of ₹ 6.20 million. Our effective tax rate was 25.08% and 29.16% for the financial year 2020 and 2019, respectively.

**Profit for the year.** Our profit for the year increased by 35.09% to ₹ 625.07 million for the financial year 2020 from ₹ 462.72 million for the financial year 2019.

## **Cash Flows**

The following table sets forth our cash flows for the periods indicated:

(₹ in million)

|   | Three months ended June 30, |          | Financial Year |          |          |
|---|-----------------------------|----------|----------------|----------|----------|
|   | 2021                        | 2020     | 2021           | 2020     | 2019     |
| Net cash generated from Operating Activities          | 509.45                      | 67.01    | 1,296.43       | 1,061.12 | 905.27   |
| Net cash (used) in Investing Activities               | (369.13)                    | (252.53) | (1,297.57)     | (306.22) | (898.46) |
| Net cash (used) in Financing Activities               | (105.60)                    | (63.91)  | (487.69)       | (295.42) | (71.77)  |
| Net increase/ (decrease) in Cash and Cash Equivalents | 34.72                       | (249.43) | (488.83)       | 459.48   | (64.96)  |

### Operating Activities

Net cash generated from operating activities was ₹ 509.45 million for the three months ended June 30, 2021. While our net profit before tax was ₹ 442.15 million, we had an operating profit before working capital changes of ₹ 568.30 million, primarily due to depreciation and amortisation of ₹ 119.21 million and interest expense on lease liabilities of ₹ 33.61 million, partially offset by interest income of ₹ 28.47 million. Our changes in working capital for the three months ended June 30, 2021 primarily consisted of increase in other assets of ₹ 73.52 million, an increase in other financial liabilities of ₹ 39.80 million, an increase in trade payables of ₹ 37.64 million, an increase of inventories of ₹ 36.51 million and a decrease in other financial assets and loans of ₹ 28.55 million. Our income taxes paid was ₹ 53.11 million for the three months ended June 30, 2021.

Net cash generated from operating activities was ₹ 67.01 million for the three months ended June 30, 2020. While our net profit before tax was ₹ 6.48 million, we had an operating profit before working capital changes of ₹ 138.75 million, primarily due to depreciation and amortisation of ₹ 116.35 million and interest expense on lease liabilities of ₹ 28.01 million, partially offset by interest income of ₹ 20.77 million. Our changes in working capital for the three months ended June 30, 2020 primarily consisted of a decrease in trade payables of ₹ 14.95 million, an increase in other assets of ₹ 14.07 million, an increase of inventories of ₹ 7.58 million and a decrease in trade and other receivables of ₹ 6.32 million. Our income taxes paid was ₹ 31.87 million for the three months ended June 30, 2020.

Net cash generated from operating activities was ₹ 1,296.43 million for the financial year 2021. While our net profit before tax was ₹ 1,121.24 million, we had an operating profit before working capital changes of ₹ 1,654.30 million, primarily due to depreciation and amortisation of ₹ 504.53 million and interest expense on lease liabilities of ₹ 114.13 million, partially offset by interest income ₹ 95.96 million and liabilities written back of ₹ 15.44 million. Our changes in working capital for the financial year 2021 primarily consisted of a decrease in other financial liabilities of ₹ 30.14 million, a decrease in trade and other receivables of ₹ 9.19 million and an increase in other financial assets and loans of ₹ 19.69 million. Our income taxes paid was ₹ 312.21 million for the financial year 2021.

Net cash generated from operating activities was ₹ 1,061.12 million for the financial year 2020. While our net profit before tax was ₹ 834.27 million, we had an operating profit before working capital changes of ₹ 1,326.44 million, primarily due to depreciation and amortisation of ₹ 491.70 million and interest expense on lease liabilities of ₹ 99.25 million, partially offset by gain on sale of and dividend income from mutual funds of ₹ 49.02 million and interest income of ₹ 42.63 million. Our changes in working capital for the financial year 2020 primarily consisted of an increase in other assets of ₹ 40.22 million, partially offset by an increase in other financial liabilities of ₹ 11.90 million. Our income taxes paid was ₹ 232.87 million for the financial year 2020.

Net cash generated from operating activities was ₹ 905.27 million for the financial year 2019. While our net profit before tax was ₹ 653.18 million, we had an operating profit before working capital changes of ₹ 1,084.22 million, primarily due to depreciation and amortisation of ₹ 396.26 million and interest expense on lease liabilities of ₹ 84.69 million, partially offset by fair value movement on financial instrument of ₹ 43.65 million. Our changes in working capital for the financial year 2019 primarily consisted of an increase in trade payables of ₹ 41.80 million, partially offset by an increase in trade and other receivables of ₹ 26.54 million and an increase in other assets of ₹ 22.42 million. Our incomes taxes paid was ₹ 186.92 million for the financial year 2019.

### Investing Activities

Net cash used in investing activities was ₹ 369.13 million for the three months ended June 30, 2021, primarily comprising deposits placed of ₹ 331.95 million and payment for purchase and construction of property, plant and equipment including movement in capital work-in-progress, capital advances and capital creditors of ₹ 82.56 million, partially offset by interest received of ₹ 43.57 million.

Net cash used in investing activities was ₹ 252.53 million for the three months ended June 30, 2020, primarily comprising deposits placed of ₹ 745.11 million, partially offset by investment and redemption of debt oriented liquid mutual funds of ₹ 535.73 million and interest received of ₹ 5.44 million.

Net cash used in investing activities was ₹ 1,297.57 million for the financial year 2021, primarily comprising deposits placed of ₹ 1,308.05 million and payment for purchase and construction of property, plant and equipment for both existing and new diagnostic centres and laboratories of ₹ 321.36 million, partially offset by investment and redemption of debt oriented liquid mutual funds of ₹ 275.31 million and interest received of ₹ 47.50 million.

Net cash used in investing activities was ₹ 306.22 million for the financial year 2020, primarily comprising payment for purchase and construction of property, plant and equipment for both existing and new diagnostic centres and laboratories of ₹ 475.47 million and deposits placed of ₹ 196.15 million, partially offset by investment and redemption of debt oriented liquid mutual funds of ₹ 207.46 million and proceeds from disposal of Property, Plant and equipment of ₹ 100.60 million generated.

Net cash used investing activities was ₹ 898.46 million for the financial year 2019, primarily comprising payment for purchase and construction of property, plant and equipment for both existing and new diagnostic centres and laboratories of ₹ 610.39 million and deposits placed of ₹ 409.42 million, partially offset by investment and redemption of debt oriented liquid mutual funds of ₹ 95.83 million and proceeds from disposal of used machines and equipment of ₹ 19.13 million.

### **Financing Activities**

Net cash used in financing activities was ₹ 105.60 million for the three months ended June 30, 2021, primarily comprising repayment of lease liabilities of ₹ 57.62 million, repayment of long term borrowings of ₹ 32.75 million and interest paid of ₹ 15.18 million.

Net cash used in financing activities was ₹ 63.91 million for the three months ended June 30, 2020, primarily comprising repayment of lease liabilities of ₹ 35.70 million, repayment of long term borrowings of ₹ 22.57 million and interest paid of ₹ 6.36 million.

Net cash used in financing activities was ₹ 487.69 million for the financial year 2021, primarily comprising repayment of long term borrowings of ₹ 282.60 million, repayment of lease liabilities of ₹ 189.65 million and interest paid of ₹ 14.36 million.

Net cash used in financing activities was ₹ 295.42 million for the financial year 2020, primarily comprising repayment of lease liability of ₹ 167.51 million, repayment of long term borrowings of ₹ 89.38 million and interest paid of ₹ 32.04 million.

Net cash used in financing activities was ₹ 71.77 million for the financial year 2019, primarily comprising of repayment of lease liabilities of ₹ 136.02 million, repayment of long term borrowings of ₹ 94.67 million and interest paid of ₹ 28.98 million, partially offset by proceeds from long term borrowings of ₹ 168.77 million.

### **Indebtedness**

As of June 30, 2021, we had outstanding consolidated total borrowings of ₹ 11.92 million comprising of non-current borrowings of ₹ nil and current borrowings of ₹ 11.92 million. We had no borrowings denominated in foreign currencies as of such date.

In the event our lenders declare an event of default, such current and any future defaults could lead to acceleration of our obligations, termination of one or more of our financing agreements or force us to sell our assets, which may adversely affect our business, results of operations and financial condition.

### **Capital and Other Commitments**

As of June 30, 2021, our estimated amount of contracts remaining to be executed on capital account and not provided for was ₹ 79.09 million.

The following table sets forth a summary of the maturity profile of our contractual obligations as of June 30, 2021:

(₹ in millions)

| Other contractual obligations             | Carrying Amount | Total | Up to 1 Year | 1 -2 years | 2 – 5 years | More than 5 years |
|---|-----------------|-------|--------------|------------|-------------|-------------------|
| Borrowings (including current maturities) | 11.92           | 11.92 | 11.92        | -          | -           | -                 |

| Other contractual obligations                                 | Carrying Amount | Total           | Up to 1 Year  | 1 -2 years    | 2 – 5 years   | More than 5 years |
|---|-----------------|-----------------|---------------|---------------|---------------|-------------------|
| of long-term borrowings)                                      |                 |                 |               |               |               |                   |
| Lease Liabilities   | 1,571.59        | 2,481.39        | 238.74        | 244.10        | 710.56        | 1,287.99          |
| Trade payables  | 259.25          | 259.25          | 259.25        | -             | -             | -                 |
| Deferred payment liabilities on purchase of medical equipment | 6.74            | 7.15            | 6.34          | 0.81          | -             | -                 |
| Capital creditors   | 5.58            | 5.58            | 5.58          | -             | -             | -                 |
| Other financial liabilities                                   | 71.38           | 71.38           | 71.38         | -             | -             | -                 |
| <b>Total</b>  | <b>1,926.46</b> | <b>2,836.67</b> | <b>593.21</b> | <b>244.91</b> | <b>710.56</b> | <b>1,287.99</b>   |

### Capital Expenditure

For the three months ended June 30, 2021, we added fixed assets of property, plant and equipment of ₹ 57.90 million, primarily for medical plant and equipment. For the financial year 2021, we added fixed assets of property, plant and equipment of ₹ 302.34 million, primarily for medical plant and equipment. For the financial year 2020, we added fixed assets of property, plant and equipment of ₹ 354.68 million, primarily for medical plant and equipment, leasehold improvements and furniture and fixtures. For the financial year 2019, we added fixed assets of property, plant and equipment of ₹ 614.34 million, primarily for medical plant and equipment, leasehold improvements and furniture and fixtures.

We plan to continue to expand in our key cities and towns by opening new diagnostic centres in the next 12 months, which will in turn incur further capital expenditure.

### Contingent Liabilities

As at June 30, 2021, we have contingent liability of ₹ 0.56 million for claims against our Company for the demand for Provident Fund for the years 1998 to 2001. For details, see “*Financial Statements – Annexure VII – Note 38*” on page 203.

### 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.

### Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions, see “*Financial Information – Annexure VII – Note 45*” on page 207.

### Bank Balances Other Than Cash and Cash Equivalent

Our bank balances other than cash and cash equivalent increased by 56.62% to ₹ 2,147.90 million as at June 30, 2021, as compared to and ₹ 1,371.42 million as at June 30, 2020, primarily due to increase in net profit. Our bank balances other than cash and cash equivalent increased by 199.5% to ₹ 1,875.55 million as at March 31, 2021, as compared to ₹ 626.23 million as at March 31, 2020, primarily due to increase in net profit. Our bank balances other than cash and cash equivalent increased by 45.6% to ₹ 626.23 million as at March 31, 2020, as compared to ₹ 430.12 million as at March 31, 2019, primarily due to increase in net profit

## **Quantitative and Qualitative Analysis of Market Risks**

Our Board has overall responsibility for the establishment and oversight of our risk management framework. We are exposed to the following risks arising from financial instruments:

### ***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. The maximum exposure to credit risk in case of all the financial instruments is restricted to their respective carrying amount.

### ***Trade Receivables and Loans***

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. Customer credit risk is managed by designated department subject to our established policy, procedures and control relating to customer credit risk management. Credit quality of individual customer is assessed based on individual credit limits as defined by us, we also monitor outstanding customer receivables regularly. We have no significant concentration of credit risk.

For further information on our credit risk, see “*Financial Statements – Notes to Restated Consolidated Financial Information – Note 49*” on page 214.

### ***Liquidity risk***

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Our approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

### ***Market risk***

Market risk is the risk that results from changes in market prices such as foreign exchange rates, interest rates and others which will affect our income. We are exposed to market risk primarily related to interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return.

### ***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 interests rate. Our main interest rate risk arises from short-term borrowings with variable interest rate.

## **Unusual or Infrequent Events or Transactions**

Except as described in this 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*” above and the uncertainties described in “*Risk Factors*” page 21. To our knowledge, except as disclosed in this Red Herring Prospectus, there are no known factors which we expect to have a material adverse effect on our income.

## **Future Relationship between Cost and Revenue**

Other than as described in “*Risk Factors*” and “*Our Business*” on pages 21 and 110, 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**

Other than as disclosed in this section and in “*Our Business*” on page 110, 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.

## **Dependence on a Few Customers or Suppliers**

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers or suppliers.

### **Seasonality of Business**

Our business experiences marginal seasonality during the monsoon season, as a result of the onslaught of dengue and malaria.

### **Competitive Conditions**

We operate in a competitive environment. Please refer to “*Our Business*”, “*Industry Overview*” and “*Risk Factors*” on pages 110, 79 and 21, respectively for further information on our industry and competition.

### **Significant Developments subsequent to June 30, 2021**

On August 11, 2021, we purchased a parcel of land measuring 1,654 square yards in Himayatnagar, Hyderabad for a consideration of ₹ 350.00 million with the intention of developing a diagnostic centre at this location.

Except as set out above, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there is no outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) claim related to direct and indirect taxes (in a consolidated manner); and (iv) other pending litigation or arbitration as determined to be material as per the materiality policy adopted pursuant to the Board resolution dated May 27, 2021, in each case involving our Company, its Subsidiaries, Promoter and Directors (“**Relevant Parties**”). Further, except as disclosed in this section, there are no (i) outstanding proceedings involving the Relevant Parties, the outcome of which may have a bearing on the business, operations, prospects, or reputation of the Company; or (ii) disciplinary actions including penalties imposed by SEBI or the Stock Exchanges against our Promoter in the last five financial years including any outstanding action.*

*For the purpose of identification of material litigation in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation to be disclosed by our Company in this Red Herring Prospectus pursuant to the Board resolution dated May 27, 2021:*

*All outstanding litigation, including any litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoter in the last five financial years and any outstanding action and tax matters (direct or indirect), would be considered ‘material’ if: (i) the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 1% of the consolidated profit for the year of our Company for the last completed Financial Year as per the Restated Financial Information i.e. 1% of the restated consolidated profit for the year of our Company for the Fiscal 2021 (i.e. ₹8.49 million); or (ii) where monetary liability is not quantifiable, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects or reputation of our Company.*

*It is clarified that for the above purposes, pre-litigation notices received by Relevant Parties or our Group Companies from third parties (excluding statutory/ regulatory/ tax authorities or notices threatening criminal action), have not and shall not be considered as litigation until such time that the Relevant Parties or our Group Companies are impleaded as a defendant in the litigation proceedings before any judicial forum.*

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. For this purpose, our Board has pursuant to the Board resolution dated August 16, 2021, considered and adopted a policy of materiality for identification of material creditors to whom the amount is due. In terms of this materiality policy, a creditor has been considered ‘material’ if the amount due to such creditor exceeds 5% of the consolidated amount due to creditors (other than micro and small enterprises and excluding any amounts not attributable to any creditor) of our Company based on the Restated Financial Information of our Company as at June 30, 2021, disclosed in this Red Herring Prospectus. Accordingly, as on June 30, 2021, a creditor has been considered ‘material’ if the amount due to such creditor exceeds ₹6.90 million for the purposes of disclosure in this section.*

*For outstanding dues to any party which is a micro, small or medium enterprise, the disclosure will be based on information available with the Company regarding the status of the creditor as defined under Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder, as has been relied upon by its Statutory Auditors.*

*Except as disclosed below in this section, our Group Companies are not party to any pending litigations which will have a material impact on our Company.*

*Unless stated to the contrary, the information provided below is as of the date of this Red Herring Prospectus. All terms defined in a particular litigation disclosure below are for that particular litigation only.*

#### **Litigation involving our Company**

##### **Litigation against our Company**

##### *Criminal Litigation*

1. Our Company received a notice dated September 25, 2017 under section of 41(A) of the Criminal Procedure Code seeking explanation from our Company with respect to a criminal complaint registered against Naga Bhairavudu, an employee of our Company under section 336 of Indian Penal Code (“**IPC**”) by Shafi Khan at police station, Humayunnagar on grounds of negligence. Our Company through its letter submitted an explanation before the police station at Humayun Nagar, Hyderabad. The matter is currently pending.
2. Sri Nagireddipally Ram Mohan Reddy (“**Complainant**”) filed a complaint before the Police Commissioner, Rachakonda Police Commissionerate, the report of which was forwarded by the Commissioner to the Saroornagar police station. The Saroornagar police station filed a permission before the VI Additional Metropolitan Magistrate cum J.F.C.M Special

(Mobile) – VI Additional Junior Civil Judge, Cyberabad at LB Nagar, Ranga Reddy (“**Magistrate**”) to register the complaint. The Magistrate granted the permission for investigation through an order dated January 7, 2021. The Complainant registered a first information report with the Saroornagar, Rachakonda police station against our centre at Karmanghat under section 197 of IPC alleging that the Complainant and his wife suffered a monetary loss of ₹0.15 million as they missed their flight to the United States of America, where a mandatory negative Covid 19 report is required, due to the false Covid-19 reports by our centre at Karmanghat. Our Company has filed a petition to quash the permission of investigation passed by the Magistrate on various grounds, *inter alia*, including, lack of documentary evidence, the alleged grievance is does not fall under the purview of the IPC. The matter is currently pending.

#### *Civil Litigation*

1. G. Ram Manohar (“**Complainant**”) filed a complaint under Section 17(a)(i) of the Consumer Protection Act, 1986 against our Company, Dr. Pritam Patil, a consultant radiologist at Vijaya Diagnostic Centre, Himayathnagar and others (“**Respondents**”) before the Telangana State Consumer Disputes Redressal Commission at Hyderabad (“**CDRC, Hyderabad**”) on grounds of alleged gross negligence and recklessness in the accuracy of diagnosis and subsequent treatment of his wife. The Complainant has jointly claimed ₹9.90 million in damages against the Respondents. The CDRC, Hyderabad through its order dated February 20, 2018 directed the Respondents to file their written statements and appear before it along with the document to support their response. Our Company in its written statement dated June 4, 2018 has denied all the allegations. The matter is currently pending.

#### *Other matters*

1. Our Company has received an order from the Directorate of Enforcement, Government of India (“**ED**”) through a letter dated July 5, 2021 (“**ED Letter**”) directing us to produce certain documents/information, such as details of our Directors, details of foreign inward/outward remittances along with supporting documents, and financials and income tax returns of our Company for the last five years, for the purpose of investigation under the Foreign Exchange Management Act, 1999. Our Company has responded to the aforesaid ED Letter by way of a letter dated August 5, 2021 and have submitted the requisite documents and information sought in the ED Letter. We are yet to hear back from the ED.

#### *Litigation by our Company*

##### *Criminal Litigation*

1. Our Company filed a complaint against Apex Diagnostics and Medical Imaging Centre, Naveen Kumar Kutumbaka, Swapna Samineni, and Gadiparthi Dileep Bhoopal (“**Accused**”) under Section 138 of the Negotiable Instruments Act, 1881 before the III<sup>rd</sup> Additional Chief Metropolitan Magistrate, City Civil Court, Nampally. The Accused availed services from our Company from time to time on an understanding that payments would be made by the Accused on issuance of bills by our Company for the services rendered. Our Company was providing services to the Accused right from the year 2013 at very competitive rates. However, from June 2016 the Accused has not cleared several payments for the services rendered to them. Our Company has by way of letter dated April 3, 2017 to the Accused the stated that an amount of ₹0.78 million was due for the services rendered by our Company. The cheque issued to our Company by the Accused returned unpaid on account of insufficient funds on July 20, 2017. Our Company orally intimated about the dishonour of cheque to the Accused and it was agreed that within two months the Accused shall arrange for sufficient funds to honour the cheque. Our Company presented the cheque again on September 29, 2017 but the cheque was returned unpaid with endorsement that the account is blocked. Our Company issued a legal notice against the Accused on October 24, 2017 that the Accused has not paid a sum of ₹0.50 million for the services rendered by our Company. The Accused responded to the notice on November 9, 2017 denying all the liability. The matter is currently pending

#### *Litigation involving our Subsidiary*

##### *Litigation against our Subsidiary*

##### *Criminal Litigation*

1. MDSL and Dr. K Bhaskara Reddy, an employee of MDSL (“**Appellants**”) filed eleven criminal appeals bearing number 188/2005, 189/2005, 190/2005, 192/2005, 193/2005, 194/2005, 195/2005, 196/2005, 198/2005, 199/2005 and 200/2005 against the Provident Fund Inspector and the State of Andhra Pradesh before the Court of the Metropolitan Sessions Judge, Hyderabad against the order passed by the XII Additional Chief Metropolitan Magistrate cum Metropolitan Magistrate wherein MDSL and Dr K Bhasakara Reddy were imposed with a fine of ₹2,000 each and Dr K. Bhaskara Reddy was sentenced to undergo a simple imprisonment of three months and to pay a fine of ₹1,000 for the offences punishable under 14(1A) and 14(2) of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 read with Para 76(b) of the Employees Provident Fund Scheme, 1952 for non-payment of contributions within the prescribed time period. The Appellants approached the High Court of Andhra Pradesh for quashing the proceedings on the ground that the Company is sick and due to financial difficulties, the contributions could not be paid, and returns could not be submitted. The High Court of Andhra Pradesh permitted the Appellants to pay the arrears of the contributions to the provident fund in instalments. It was further submitted that the Appellants have paid the contributions due for the period in instalments as



per the directions of the High Court of Andhra Pradesh and since, the Appellants have paid the contributions due they are not liable for prosecution under 14(1A) and 14(2) of the Employees Provident Fund and Miscellaneous Provisions Act, 1952. Through its orders, each dated June 7, 2006 Metropolitan Sessions Judge, Hyderabad (i) set aside the order passed by the XII Additional Chief Metropolitan Magistrate cum Metropolitan Magistrate and allowed the appeals bearing number 188/2005, 189/2005, 190/2005, 193/2005, 195/2005 and 200/2005; (ii) confirmed the conviction and sentence passed by the XII Additional Chief Metropolitan Magistrate cum Metropolitan Magistrate with modification of the sentence of imprisonment for a period of three months passed against Dr K Bhasakara Reddy being converted into a fine of ₹1,000, and dismissed the appeals bearing number 192/2005, 194/2005, 196/2005, 198/2005 and 199/2005. The matters are currently pending.

### Civil Litigation

1. A civil suit bearing O.S. No. 218 of 2015 was filed by M. Pameela Reddy and others (**"Plaintiffs"**) against Medinova Diagnostic Services Limited (**"MDSL"**), its ex-chairman, Adala Raghava Reddy and Executive Director of our Company, Sunil Chandra Kondapally (in his capacity as the managing director of MDSL) (**"Defendants"**) for eviction, recovery of arrears of rent, mesne profits and damages on April 6, 2015 before XI Additional Chief Judge, City Civil Court, Hyderabad (**"City Civil Court, Hyderabad"**). The subject matter of the suit is a portion of premises bearing municipal no. 6-3-652/2, situated at Somajiguda, Hyderabad admeasuring 15,031 square feet (**"Suit Property"**) owned by the Plaintiffs. The original lease expired on December 31, 2007. Subsequently, the lease was renewed for a period of 36 months from January 1, 2008 till December 31, 2010 and the lease was freshly executed on May 24, 2008 with new terms and condition including the enhanced and fixed rent of ₹0.32 million per month. The lease expired on December 31, 2010 but was continued as per the understanding between the parties without any formal lease deed on the terms and conditions of the lease dated May 24, 2008. The Plaintiff issued a notice against the Defendants on November 3, 2010 to clear off the arrears of rent from April 2010. The Plaintiff issued another notice on December 1, 2014 demanding vacant possession of the Suit Property and to pay the arrears of rent. Additionally, the Plaintiffs alleged that the Defendants were not paying rent regularly and committed defaults in payment of rent for the period between April 2014 till March 2015 making the total arrear of rent to ₹3.93 million, the cheques issued were mostly dishonoured and as a result of which the Plaintiffs had to pay the cheque bounce charges to the bank. Additionally, the Plaintiffs also demanded that the Defendants to pay the rent of ₹55 per square feet as paid by other tenant in the same building but the Defendants did not pay the prevailing rent and also defaulted in paying their monthly rent. The Defendants responded to the notice on December 14, 2014 that the Plaintiffs did not provide adequate water supply, lift facilities, and parking area as agreed as per the term of the lease deed. The Defendant installed the lift, incurred expenditure of ₹0.03 million per month for procuring water from private water tankers and there was no parking area as agreed under the lease deed. Further, there was leakage and seepage in the walls due to the weakening of the inbuilt pipe lines and lack of maintenance because of which there was difficulties in the maintenance of the medical equipment installed which was not rectified by the Plaintiffs which adversely affected their business and incurred a loss of ₹10.00 million. The Plaintiffs prayed for, *inter alia*, (i) a decree for eviction of the Defendants from Suit Property, (ii) recovery of total arrear of rent of ₹3.94 million together with interest of 18% per annum, (iii) grant of past mesne profits of ₹17.78 million with interest of 18% per annum from the date of the suit till the recovery of the suit till the realisation of amount, and (iv) a sum of ₹5.00 million as damages for repair of the leased properties.

Pursuant to this, MDSL, its ex-chairman, Adala Raghava Reddy and Executive Director of our Company, Sunil Chandra Kondapally (**"Petitioners"**) filed before the City Civil Court, Hyderabad (i) a counter to an interlocutory application forming part of the aforementioned suit and (ii) written statement along with rejection of plaint, against M. Pameela Reddy and others. The City Civil Court returned the rejection of plaint and passed an *ex-parte* order on account of incomplete cause title. The Petitioners through its petition dated October 5, 2015, prayed to set aside the *ex-parte* order dated October 28, 2015 and pass such order as it deem fit and proper and in the interest of justice.

2. A title suit was filed by Sailesh Memorial Educational Trust, Kishore Trust, Krishna Banerjee for self and as a trustee of Sailesh Memorial Educational Trust, Subrata Chatterjee as trustee of Kishore Trust, Sri Lakshmi Pada Mookherjee and Arijit Mookherjee (**"Plaintiffs"**) against MDSL on December 23, 2017 before the Civil Judge, Senior Division, Alipore (**"CJ, Alipore"**). The subject matter of the suit is a land parcel situated at Sarat Chatterjee Avenue, Kolkata (**"Suit Property"**), one of our existing centres, owned by the Plaintiffs. The Suit Property was leased to MDSL through lease deeds dated May 25, 1987 and September 22, 2009. The Plaintiffs issued letters dated April 4, 2017 and July 31, 2017, to MDSL to make payment of the rent, remove its belongings and vacate the Suit Property on expiry of the lease i.e. on August 31, 2017 since MDSL has defaulted in the payment of rent on and from the month of December 2016 and breached the terms of the lease. MDSL responded to the letter dated April 4, 2017 on May 17, 2017 that they want to resolve the issue by way of discussion and have issued cheques to cover up rent to April 2017. Further, MDSL through its letter dated August 26, 2017 stated, *inter alia*, that they incurred an expenditure of ₹15.00 million in the repairs of the suit property and have made investment of ₹92.50 million on medical equipment installed therein on the belief that the terms of the lease will be extended and further offered to increase the lease consideration by 50%. Pursuant to the letter dated August 26, 2017 by MDSL, the Plaintiffs responded to the August 26, 2017 letter denying the allegations. MDSL responded by way of a letter dated October 18, 2017 claimed that (i) there was a change in the management in the year of 2014 because of which the business operation was affected, (ii) incurred ₹15.00 million for maintenance of the Suit property, (iii) spent ₹92.50 million on acquiring medical equipment and (iv) intended to renew the lease. The Plaintiffs issued letter to MDSL

on November 6, 2017 to deliver vacant possession of the suit property and denied renewal of the lease agreement. The Plaintiffs alleged that the lease term has expired on August 31, 2017 and MDSL has no locus standi in the said suit property and its act is illegal, unlawful and is of a trespasser. The Plaintiffs claimed that they are entitled to a decree for eviction and recovery of peaceful vacant possession of the suit property upon eviction of MDSL.

Thereafter, MDSL filed a suit for specific performance against Krishna Banerjee for self and as a trustee of Sailesh Memorial Educational Trust, Subrata Chatterjee as trustee of Kishore Trust, Sri Lakshmi Pada Mookherjee and Arijit Mookherjee (“**Defendants**”) on May 8, 2018 before CJ, Alipore. MDSL stated that MDSL and the Defendants orally agreed to, *inter alia*, execute a fresh deed of lease for a period of nine years and accordingly, MDSL has prayed for, *inter alia*, (i) a decree of declaration that the oral agreement is valid, (ii) decree of specific performance of the oral agreement, (iii) damages amounting to ₹0.50 million; and (iv) a decree of perpetual injunction restraining the Defendants from interfering the peaceful possession of the suit property.

#### *Actions Taken by Regulatory and Statutory Authorities against our Subsidiaries*

1. The Ministry of Corporate Affairs, Office of the Registrar of Companies, Hyderabad, Telangana, (“**RoC Hyderabad**”) has issued notices of inquiry dated October 21, 2020 and February 15, 2021 under section 206(4) of Companies Act, 2013, against our Subsidiary, MDSL, in the matter of technical scrutiny of its balance sheet as at March 31, 2019 enlisting alleged non-compliances with various provisions of the Companies Act, 2013 and accordingly sought certain information on the balance sheet for the financial year 2019 and explanations as to why such non-compliances should not be treated as violations under applicable provisions of the Companies Act, 2013. MDSL, submitted the required information along with relevant documents through its responses dated November 3, 2020 and February 26, 2021 to such notices of inquiry. MDSL has not received any further communications from the RoC Hyderabad in this matter.

#### *Litigation by our Subsidiary*

##### *Civil Litigation*

1. MDSL filed a suit for specific performance against Krishna Banerjee for self and as a trustee of Sailesh Memorial Educational Trust, Subrata Chatterjee as trustee of Kishore Trust, Sri Lakshmi Pada Mookherjee and Arijit Mookherjee (“**Defendants**”) on May 8, 2018 before the Civil Judge, Senior Division, Alipore. For details in relation to suit see “*Litigation against our Subsidiary – Civil Litigation*” on page 246.

#### **Litigation involving our Promoter**

As on the date of this Red Herring Prospectus, there is no outstanding criminal litigation, civil litigation or actions taken by statutory or regulatory authorities involving our Promoter. Further, no actions have been taken, nor any penalty has been imposed against our Promoter by SEBI or stock exchanges.

#### **Litigation involving our Directors**

##### *Civil Litigation involving our Director, Sunil Chandra Kondapally*

1. For details in relation to O.S. 218 of 2015, see – “*Litigation against our Subsidiaries – Civil Litigation*” on page 246.

#### **Tax Claims**

Except as disclosed below, there are no claims related to direct and indirect taxes involving our Company, Directors, Subsidiaries and Promoter:

| Nature of case                                    | Number of cases | Amount involved (₹ in million) |
|---|-----------------|--------------------------------|
| <b><i>Litigation involving our Company</i></b>    |                 |                                |
| Direct Tax  | 3               | 2.26                           |
| Indirect Tax                                      | 1               | 1.77                           |
| <b><i>Litigation involving our Subsidiary</i></b> |                 |                                |
| Direct Tax  | Nil             | Nil                            |
| Indirect Tax                                      | Nil             | Nil                            |
| <b><i>Litigation involving the Directors</i></b>  |                 |                                |
| Direct Tax  | Nil             | Nil                            |
| Indirect Tax                                      | Nil             | Nil                            |
| <b><i>Litigations involving the Promoter</i></b>  |                 |                                |
| Direct Tax  | Nil             | Nil                            |
| Indirect Tax                                      | Nil             | Nil                            |

Except as disclosed below, there are no outstanding proceedings involving the Relevant Parties, the outcome of which may have a bearing on the business, operations, prospects, or reputation of the Company:

#### *Criminal Litigation involving our CEO, Sura Suprita Reddy*

The State represented by sub-inspector of police, P.S. Panjagutta (“**Complainant**”), filed a complaint and subsequently a charge sheet which was taken on file by the XXIII Special Magistrate, Hyderabad for the offences under Sections 304-A, 336 and 338 of the Indian Penal Code, 1860 (“**IPC**”) on February 2, 2010 alleging that there was a fire accident at Park Hospital, Hyderabad (“**Park Hospital**”) in which several persons were injured and three persons subsequently lost their life while undergoing treatment for injuries sustained due to the fire. The Park Hospital was operated by, Park Health Systems Private Limited (“**Park Health**”), and therefore the directors of Park Health namely, Chinchod Damodhar Reddy and Sura Suprita Reddy, our CEO (collectively together the “**Defendants**”) were impleaded in the matter. The Defendants were tried before the XXIII Special Magistrate, Hyderabad alleging that the fire accident was on account of their negligence based on the allegations that (i) Park Hospital operated without any fire NOC and fire-fighting equipment; (ii) Chinchod Damodhar Reddy (being the owner of the building in which Park Hospital was located) had illegally constructed a fifth floor; (iii) the building did not have a contingency evacuation plan in place nor an alternative fire or emergency exit; and (iv) the fire had started due to an electrical short circuit.

The Defendants pleaded not guilty to the charges contending, inter alia, that (i) there was no negligence on the part of the Defendants; (ii) there was no violation of the building plan as the Greater Hyderabad Municipal Corporation (“**GHMC**”) had granted its sanction and that there were no conditions in the sanction which mandated obtaining a fire NOC; and (iii) the fire was caused due to a blast of the transformer. On conclusion of the trial, the XXIII Special Magistrate, Hyderabad by way of its judgement dated November 24, 2017 (“**Judgement**”) convicted the Defendants for the above mentioned offences and sentenced the Defendants to (I) (a) undergo six months imprisonment each; and (b) a fine of ₹10,000 each and in default two months simple imprisonment for offence under Section 304-A of the IPC; (II) (a) undergo simple imprisonment for a period of six months each; and (b) a fine of ₹1,000 each and in default one month simple imprisonment each for offence under Section 338 of the IPC; and (III) a fine of ₹250 each and in default one week simple imprisonment for the offence under Section 336 of the IPC. All the aforesaid sentences pronounced pursuant to the Judgement are to run concurrently and the remand period of the Defendants if any was set-off under Section 428 of CrPC. The Defendants paid monetary penalty imposed under the Judgement.

Aggrieved by the Judgement, the Defendants preferred a criminal appeal before the Metropolitan Sessions Judge, Hyderabad (“**Sessions Judge**”) on the grounds, inter alia, that (a) the Judgement is illegal and contrary to the weight of evidence and against probabilities of the case; (b) the XXIII Special Magistrate had erred in its finding that there was no fire extinguishment equipment and fire safety measures in the Park Hospital; and (c) The XXIII Special Magistrate, Hyderabad had failed to appreciate, inter alia, that (i) there was no evidence against the Defendants to prove the offences under Sections 304A, 336 and 338 of the IPC and that the ingredients of such offences were absent; (ii) Sura Suprita Reddy was involved in the operations of our Company in her capacity as a wholetime director while holding the position of a non-executive director on the board of Park Health and therefore she was not responsible for the day to day management of Park Health; (iii) the death and injuries were not on account of any direct result of rash or negligent acts of the Defendants; and (iv) the no objection certificate from the fire department is not required for buildings which are less than 15 metres; which applies to the building in question as it is less than 15 metres in height;

The Defendants by way of the criminal appeal prayed for setting aside the Judgement on the above grounds and have also prayed for suspension of sentence of imprisonment pending disposal of the criminal appeal. The Sessions Judge by way of its order dated December 20, 2017 suspended the sentence of imprisonment on the same conditions as imposed by the XXIII Special Magistrate, Hyderabad pending disposal of criminal appeal which is currently pending.

#### **Outstanding dues to Creditors**

As of June 30, 2021, our Company has 776 creditors, and the aggregate outstanding dues to these creditors by our Company are ₹138.92 million.

As per the materiality policy, creditors of our Company to whom an amount having a monetary value which exceeds 5% of the consolidated amount due to creditors (other than micro and small enterprises and excluding any amounts not attributable to any creditor) of our Company based on the Restated Financial Information of our Company as at June 30, 2021, as disclosed in this Red Herring Prospectus, shall be considered as ‘material’ i.e., creditors of our Company to whom our Company owes an amount exceeding ₹6.90 million have been considered material (“**Material Creditors**”).

Details of outstanding dues owed to Material Creditors, micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (“**MSME**”) and other creditors as of June 30, 2021 are set out below:

| Types of Creditors | Number of Creditors | Amount payable (₹ in million) |
|--------------------|---------------------|-------------------------------|
| MSME               | 6                   | 1.01                          |
| Material Creditors | 3                   | 30.62                         |

| Types of Creditors             | Number of Creditors | Amount payable (₹ in million) |
|--------------------------------|---------------------|-------------------------------|
| Other Creditors                | 767                 | 107.29                        |
| <b>Total Outstanding Dues*</b> | <b>776</b>          | <b>138.92</b>                 |

\*Represents total creditors as per the Restated Financial Information after reduction of provision for expenses of ₹106.64 million and stale cheques of ₹13.69 million.

The details pertaining to net outstanding dues towards our material creditors are available on the website of our Company at <https://www.vijayadiagnostic.com/miscellaneous/material-creditors>.

It is clarified that such details available on our website do not form a part of this Red Herring Prospectus. and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.

### Material Developments

Other than as stated in “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on page 225, there have not arisen, since June 30, 2021, any circumstances which materially and adversely affect, or are likely to affect, our operations or earnings taken as a whole, our trading, our profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

## GOVERNMENT AND OTHER APPROVALS

*We have set out below an indicative list of approvals obtained by us which are considered material and necessary for the purpose of undertaking its business activities. In view of these key approvals, we can undertake this Offer and our business activities. In addition, certain of our key approvals may have expired or may expire in the ordinary course of business and we have either already made an application to the appropriate authorities for renewal of such key approvals or are in the process of making such renewal applications. In relation to our centres which are material for undertaking our business, we have disclosed below (i) approvals applied for but not received; and (ii) approvals that have expired and renewal to be applied for.*

### **I. Incorporation details**

1. Certificate of incorporation dated June 5, 2002 issued to our Company, under the name Vijaya Diagnostic Centre Private Limited by the Registrar of Companies, Andhra Pradesh at Hyderabad.
2. Fresh certificate of incorporation consequent on change of name issued by the Registrar of Companies, Telangana at Hyderabad on March 26, 2021 pursuant to change of name from Vijaya Diagnostic Centre Private Limited to Vijaya Diagnostic Centre Limited
3. The CIN of our Company is U85195TG2002PLC039075.

### **II. Approvals in relation to the Offer**

For details regarding the approvals and authorisations obtained by our Company in relation to the Offer, see “*Other Regulatory and Statutory Disclosures - Authority for the Offer*” on page 252.

### **III. Key approvals in relation to our Company**

#### ***Approvals in relations to our business operations***

- Our Company holds an Importer-Exporter Code 0904015149 issued by the Ministry of Commerce of the Government of India is valid in perpetuity.
- Our Company is an empanelled health care organisation under the Central Government Health Scheme. Such empanelment is valid till September 30, 2021.

We are required to obtain various approvals and licenses under applicable laws, rules and regulations in order to operate our diagnostic centres at multiple locations situated in the states of Telangana, Andhra Pradesh, Haryana and West Bengal details of which are set out below.

1. Registration under the Clinical Establishments (Registration and Regulations) Act, 2010 or under respective State clinical establishment legislation, specifically Telangana Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002 and Andhra Pradesh Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002 and rules thereunder, as applicable, issued by the appropriate State authority, wherever applicable.
2. Trade license under applicable local municipality laws, issued by appropriate local municipality, as applicable.
3. Authorisation under the Bio-Medical Waste (Management and Handling) Rules, 2016, issued by the respective State Pollution Control Board, wherever applicable.
4. Registration for operation and procurement, as applicable, of medical diagnostic x-ray equipment issued by the Atomic Energy Regulatory Board, for diagnostic centres wherever applicable.
5. Registration under the Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994 and the rules thereunder, issued by appropriate State authority, wherever applicable.
6. Fire safety approvals, specifically, no objection certificates in relation to certain of our properties which exceed the height limit from the relevant state authorities.

#### ***Tax related registrations***

1. The permanent account number of our Company is AABCV5096R.
2. The tax deduction account number of our Company is HYDV01464B.
3. The GST registration number of our Company, for the states where our business operations are spread, are as follows:

| State          | Registration Number |
|----------------|---------------------|
| Andhra Pradesh | 37AABCV5096R1ZE     |
| Telangana      | 36AABCV5096R1ZG     |
| Haryana        | 06AABCV5096R1ZJ     |
| West Bengal    | 19AABCV5096R1ZC     |

The tax related registrations given above are all one time registrations obtained by the Company.

#### ***Labour related approvals***

- We have obtained relevant registrations under the Employees' State Insurance Act, 1948, Telangana Tax on Profession Trade, Calling and Employment Act, 1987 and a shops and establishments registration, under the relevant states.
- Our Company has been registered with the Employees' Provident Fund Organisation with code no. APHYD0047750000, under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

The labour related approvals mentioned above are one time approvals except the shops and establishments registrations held by the Company whose validity varies from each state the registration has been procured in.

#### ***Approval applied for but not received***


As on the date of this Red Herring Prospectus, following are the approvals that have been applied for by our Company but not received.

- Telangana Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002 and Andhra Pradesh Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002 for some of our centres in Telangana and Andhra Pradesh;
- Authorisation under the Bio-Medical Waste (Management and Handling) Rules, 2016 for some of our centres in Telangana and Andhra Pradesh;
- Trade license under applicable local municipality laws, issued by appropriate local municipality, for some of our centres in Telangana and Andhra Pradesh; and
- Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Act, 1994 for some of our centres in Telangana and Andhra Pradesh.

#### ***Approvals expired and renewal to be applied for***

As on the date of this Red Herring Prospectus, there are no approvals that have expired but have not been renewed by our Company.

#### ***Intellectual property***

As on the date of this Red Herring Prospectus, we have six trademark registrations under class 41, 42 and 44. We filed an application for registering our corporate logo  "VIJAYA DIAGNOSTIC CENTRE", with the Registrar of Trademarks in India under class 44 of the Trade Mark Act, 1999 and received partial approval to the extent of words "Vijaya Diagnostic Centre". Furthermore, seven of our trademarks have been objected by the Registrar of Trademarks.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

The Offer has been approved by our Board of Directors pursuant to the resolution passed at its meeting dated June 4, 2021, the Draft Red Herring Prospectus has been approved by our Board pursuant to a resolution passed on June 4, 2021 and this Red Herring Prospectus has been approved by our Board pursuant to a resolution passed on August 24, 2021 for filing with RoC, SEBI and the Stock Exchanges.

Our Board took on record the approval for the Offer for Sale for the Offered Shares by the Selling Shareholders pursuant to a resolution dated June 4, 2021. Each Selling Shareholder has, severally and not jointly, confirmed and approved its participation in the Offer for Sale in relation to its portion of the Offered Shares. For details, see “*The Offer*” on page 41.

Our Company has received in-principle approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated July 5, 2021 and June 30, 2021, respectively.

### Prohibition by SEBI, RBI or other Governmental Authorities

Our Company, Promoter, Promoter Group, Directors, the persons in control of our Company and the persons in control of our Promoter are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoter, Directors or persons in control of our Company are or were associated as promoter, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

None of our Directors are associated with securities market related business, in any manner and there has been no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Red Herring Prospectus.

Our Company, Promoter 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 Promoter or Directors have not been declared as fugitive economic offenders.

### Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Selling Shareholders, our Promoter and members of Promoter Group are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Red Herring Prospectus.

### Directors associated with the Securities Market

Except Nishant Sharma, who is associated with the securities market in his capacity as an authorised representative of Kedaara Capital Advisors LLP and associated with Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF I and Kedaara Capital Alternative Investment Fund II, none of our Directors are, in any manner, associated with the securities market and there is no outstanding action initiated by SEBI against any of our Directors in the five years preceding the date of this Red Herring Prospectus.

### Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner: Our Company has had net tangible assets of at least ₹30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each). As the Offer is being made entirely through an offer for sale, the limit of not more than 50% of the net tangible assets being monetary assets, is not applicable;

- Our Company has an average operating profit of at least ₹150 million, calculated on a restated and 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 and consolidated basis; and
- Our Company has not changed its name in the last one year other than conversion from a private limited company to a public limited company.

Our Company's average operating profit, net worth and net tangible assets derived from the Restated Financial Information included in this Red Herring Prospectus as at, and for the last three Financial Years are set forth below:

| Particulars  | As of and for the Financial Period / Year ended |               |                |                |                |
|--|---|---------------|----------------|----------------|----------------|
|  | June 30, 2021                                   | June 30, 2020 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Net tangible assets <sup>(1)</sup> , as restated and consolidated      | 3,857.22  | 2,692.00      | 3,520.58       | 2,674.01       | 1,993.85       |
| Net worth <sup>(2)</sup> , as restated and consolidated                | 3,929.08  | 2,758.28      | 3,592.32       | 2,741.39       | 2,070.10       |
| Average operating profit <sup>(3)</sup> , as restated and consolidated | 449.34  | 22.06         | 1,155.24       | 834.51         | 684.94         |

**Notes:**

- (1) "Net tangible assets" means the sum of all net assets of our Company excluding intangible assets including goodwill and intangible assets under development, each on restated basis and as defined in Indian Accounting Standard 38.

(₹ in million)

| Particulars                                  | As of and for the Financial Period / Year ended |                 |                 |                 |                 |
|--|---|-----------------|-----------------|-----------------|-----------------|
|  | June 30, 2021                                   | June 30, 2020   | March 31, 2021  | March 31, 2020  | March 31, 2019  |
| Total Assets (A)                             | 6,045.78  | 4,901.83        | 5,409.40        | 4,822.56        | 4,064.30        |
| Other intangible assets (B)                  | 14.98   | 9.26            | 6.01            | 10.36           | 7.46            |
| Goodwill (C)                                 | 53.37   | 53.37           | 53.37           | 53.37           | 68.79           |
| Intangible assets under development (D)      | 3.51  | 3.65            | 12.36           | 3.65            | -               |
| <b>Total (E) = (A)-(B)-(C)-(D)</b>           | <b>5,973.92</b>                                 | <b>4,835.55</b> | <b>5,337.66</b> | <b>4,755.18</b> | <b>3,988.05</b> |
| Non-current liabilities (F)                  | 1,545.57  | 1,530.55        | 1,377.20        | 1,494.77        | 1,422.80        |
| Current liabilities (G)                      | 571.13  | 613.00          | 439.88          | 586.40          | 571.40          |
| <b>Net tangible assets (H) = (E)-(F)-(G)</b> | <b>3,857.22</b>                                 | <b>2,692.00</b> | <b>3,520.58</b> | <b>2,674.01</b> | <b>1,993.85</b> |

- (2) "Net worth" means the aggregate value of paid-up equity share capital and other equity created out of the profits, 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, derived from the Restated Financial Information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

(₹ in million)

| Particulars   | As of and for the Financial Period / Year ended |                 |                 |                 |                 |
|---|---|-----------------|-----------------|-----------------|-----------------|
|   | June 30, 2021                                   | June 30, 2020   | March 31, 2021  | March 31, 2020  | March 31, 2019  |
| Equity share capital (A)  | 101.97  | 45.32           | 45.32           | 45.32           | 45.29           |
| Instruments entirely equity in nature (B)                             | -   | -               | -               | -               | 24.13           |
| Other equity (C)  | 3,821.29  | 2,718.93        | 3,544.74        | 2,700.11        | 2,004.40        |
| <b>Equity attributable to owners of the Company (D) = (A)+(B)+(C)</b> | <b>3,923.26</b>                                 | <b>2,764.25</b> | <b>3,590.06</b> | <b>2,745.43</b> | <b>2,073.82</b> |
| Non-controlling interest (E)  | 5.82  | (5.97)          | 2.26            | (4.04)          | (3.72)          |
| <b>Net Worth (F) = (D)+(E)</b>  | <b>3,929.08</b>                                 | <b>2,758.28</b> | <b>3,592.32</b> | <b>2,741.39</b> | <b>2,070.10</b> |

- (3) "Average operating profit" means restated profit before tax excluding other income and finance expense

(₹ in million)

| Particulars                                       | As of and for the Financial Period / Year ended |               |                 |                |                |
|---|---|---------------|-----------------|----------------|----------------|
|   | June 30, 2021                                   | June 30, 2020 | March 31, 2021  | March 31, 2020 | March 31, 2019 |
| Profit/(loss) before tax (A)                      | 442.15  | 6.48          | 1,121.24        | 834.27         | 653.18         |
| Other income (B)                                  | 32.84   | 22.82         | 118.47          | 153.61         | 103.57         |
| Finance costs (C)                                 | 40.03   | 38.40         | 152.47          | 153.85         | 135.33         |
| <b>Average operating profit (D) = (A)-(B)+(C)</b> | <b>449.34</b>                                   | <b>22.06</b>  | <b>1,155.24</b> | <b>834.51</b>  | <b>684.94</b>  |

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

- Our Company, the Promoter, the Promoter Group, the Selling Shareholders and our Directors are not debarred from accessing the capital markets by SEBI;
- The companies with which our Promoter or our Directors are associated as promoter or director are not debarred from accessing the capital markets by SEBI;
- Neither our Company, nor our Promoter, or Directors have been identified as a wilful defaulter (as defined in the SEBI ICDR Regulations);
- None of our Directors or individual Promoter has been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;
- Except employee stock options granted pursuant to ESOP Schemes 2018, there are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Red Herring Prospectus;



- (vi) Our Company along with the Registrar to our Company, has entered into tripartite agreements dated November 16, 2016 and October 1, 2016 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;
- (vii) The Equity Shares of our Company held by the Promoter are in the dematerialised form;
- (viii) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Red Herring Prospectus; and
- (ix) Since the Offer is through an Offer for Sale, Regulation 7(1)(e) (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance for a specific project proposed to be funded from the Offer proceeds, excluding the amount to be raised through the Offer and existing identifiable internal accruals) shall not apply.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE 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 THE DRAFT RED HERRING PROSPECTUS. THE BRLMS BEING, ICICI SECURITIES LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. 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 THE DRAFT RED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs BEING, ICICI SECURITIES LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JUNE 5, 2021 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SEBI ICDR REGULATIONS.**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY 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 BRLMs ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.**

The filing of this Red Herring Prospectus also does not absolve the Selling Shareholders from any liabilities to the extent of the statements specifically made or confirmed by themselves in respect of themselves and of their respective Offered Shares, under Section 34 or Section 36 of Companies Act

All legal requirements pertaining to this Offer have been complied with at the time of filing this Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All legal requirements pertaining to this Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 30, 32, 33(1) and 33(2) of the Companies Act.

#### **Disclaimer from our Company, our Directors and BRLMs**

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this 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.vijayadiagnostic.com](http://www.vijayadiagnostic.com), or the respective websites of our Promoter, Promoter Group or any affiliate of our Company would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, 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 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 Underwriters and their respective directors, 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 in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, our Promoter, their respective directors and officers, 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, the Promoter, and their respective directors, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

#### **Disclaimer from our Selling Shareholders**

Each of the Selling Shareholder, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made in this Red Herring Prospectus other than those specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and its proportion of the Offered Shares and anyone placing reliance on any other source of information, including our Company's website [www.vijayadiagnostic.com](http://www.vijayadiagnostic.com), or the respective websites of our Promoter, Promoter Group or any affiliate of our Company would be doing so at his or her own risk.

None among the Selling Shareholders shall be liable for any failure in (i) uploading the Bids due to faults in any software/hardware system or otherwise; or (ii) 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.

Bidders will be required to confirm and will be deemed to have represented to the Selling Shareholders and their respective directors, 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 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. The Selling Shareholders and their respective directors, 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, the Selling Shareholders and their 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 the Selling Shareholders and 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**

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, 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, VCFs, 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, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) public financial institutions, scheduled commercial banks permitted pension funds, and 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, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that are eligible under all applicable laws and regulations to purchase the Equity Shares. This Red Herring Prospectus does not constitute an offer to sell or purchase or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Hyderabad, Telangana, India only.

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 Red Herring Prospectus will be registered with the RoC. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this 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 Red Herring Prospectus nor the Offer of the Offered Shares shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or any of the Selling Shareholders since the date of this Red Herring Prospectus or that the information contained herein is correct as of any time subsequent to this date.

Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to this Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises this Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India.

**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 believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in offshore transactions as defined in and in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made.**

**Bidders are advised to ensure that any Bid from them does not exceed investment limits or the 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 the Draft Red Herring Prospectus was submitted to the BSE. The disclaimer clause as intimated by the BSE to us through in-principle approval dated July 5, 2021 is set forth below:

BSE Limited (“**the Exchange**”) has given vide its letter dated July 5, 2021 permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of the NSE**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/1043 dated June 30, 2021 permission to the Issuer to use the Exchange’s name in this Offer Document as one of the Stock Exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Listing**

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Application will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated July 5, 2021 and June 30, 2021, respectively.

## **Consents**

Consents in writing of: each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, lenders to our Company legal counsels appointed for the Offer, the BRLMs, the Registrar to the Offer, in their respective capacities, have been obtained, experts to the Offer, CRISIL Limited, the Syndicate Members, the Banker(s) to the Offer/ Escrow Collection Bank(s)/ Refund Bank(s), Sponsor Bank and Banker(s) to the Company, to act in their respective capacities, have been obtained and filed along with a copy of this Red Herring Prospectus with the RoC as required under the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus.

## **Expert to the Offer**

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

Our Company has received written consent dated August 16, 2021 from our Statutory Auditors to include their name as an “expert” as defined under Section 2(38) of the Companies Act, read with Section 26(5) of the Companies Act, read with SEBI ICDR Regulations in relation to the Restated Financial Information, the examination report dated August 16, 2021 on the Restated Financial Information, and the statement of special tax benefits dated June 5, 2021 included in this Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

The restated financial statements of our Company as of June 30, 2021, and for the period then ended, included in this Red Herring Prospectus, have been examined by B S R & Associates LLP, independent auditors, as stated in their report appearing herein

## **Particulars regarding capital issues by our Company and/or listed Group Companies, Subsidiaries or Associates during the last three years**

Other than as disclosed in “*Capital Structure*” on page 55, our Company has not made any capital issues during the three years preceding the date of this Red Herring Prospectus. Further, our Company’s listed Subsidiary, Medinova Diagnostic Services Limited has not made any capital issues during the last three years. Additionally, our Company does not have any other listed Group Companies, Subsidiaries or Associates.

## **Commission and Brokerage paid on previous issues of the Equity Shares in the last five years**

Since this is the initial public issue of the 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 any of the Equity Shares since our Company’s incorporation.

## **Performance vis-à-vis objects – Public/ rights issue of our Company**

Our Company has not undertaken any public or rights issue (as defined under the SEBI ICDR Regulations) in the five years immediately preceding the date of this Red Herring Prospectus.

## **Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed Promoter of our Company**

Except for the securities of our Subsidiary Medinova Diagnostic Services Limited which are listed on the BSE Limited the securities of our other Subsidiaries are not listed on any stock exchange. Additionally, Medinova Diagnostic Services Limited has not made any public/rights issue of its securities in the last five years.

Our Promoter is an individual and hence does not have any listed securities.

## Price information of past issues handled by the BRLMs

### A. ICICI Securities Limited

Price information of past issues handled by ICICI Securities Limited

| S. No. | Issue name                                | Issue size<br>(₹ in million) | Offer Price<br>(₹)      | Listing date | Opening price<br>on listing date<br>(₹) | +/- % change in closing<br>price, [+/- % change in<br>closing benchmark]-<br>30 <sup>th</sup> calendar days from<br>listing | +/- % change in closing<br>price, [+/- % change in<br>closing benchmark]- 90 <sup>th</sup><br>calendar days from listing | +/- % change in closing<br>price, [+/- % change in<br>closing benchmark]-<br>180 <sup>th</sup> calendar days from<br>listing |
|--------|---|------------------------------|-------------------------|--------------|---|---|--|--|
| 1.     | Suryoday Small Finance Bank Limited       | 5,808.39                     | 305.00 <sup>(1)</sup>   | 26-Mar-21    | 292.00                                  | -18.38%,-1.14%]   | -26.87%, [+8.13%]  | NA*  |
| 2.     | Nazara Technologies Limited               | 5,826.91                     | 1,101.00 <sup>(2)</sup> | 30-Mar-21    | 1,990.00                                | +62.57%, [+0.13%]   | +37.59%, [+6.84%]  | NA*  |
| 3.     | Macrotech Developers Limited              | 25,000.00                    | 486.00                  | 19-Apr-21    | 436.00                                  | +30.22%, [+5.21%]   | +75.43%, [+10.89%]   | NA*  |
| 4.     | Shyam Metalics and Energy Limited         | 9,087.97                     | 306.00 <sup>(3)</sup>   | 24-Jun-21    | 380.00                                  | +40.95%, [+0.42%]   | NA*  | NA*  |
| 5.     | Dodla Dairy Limited                       | 5,201.77                     | 428.00                  | 28-Jun-21    | 550.00                                  | +44.94%, [-0.43%]   | NA*  | NA*  |
| 6.     | G R Infraprojects Limited                 | 9,623.34                     | 837.00 <sup>(4)</sup>   | 19-Jul-21    | 1,715.85                                | +90.82%, [5.47%]  | NA*  | NA*  |
| 7.     | Tatva Chintan Pharma Chem Limited         | 5,000.00                     | 1,083.00                | 29-July-21   | 2,111.85                                | NA*   | NA*  | NA*  |
| 8.     | Nuvoco Vistas Corporation Limited         | 50,000.00                    | 570.00                  | 23-Aug-21    | 485.00                                  | NA*   | NA*  | NA*  |
| 9.     | Chemplast Sanmar Limited                  | 38,500.00                    | 541.00                  | 24-Aug-21    | 550.00                                  | NA*   | NA*  | NA*  |
| 10.    | Aptus Value Housing Finance India Limited | 27,800.52                    | 353.00                  | 24-Aug-21    | 333.00                                  | NA*   | NA*  | NA*  |

\*Data not available

Notes:

- (1) Discount of Rs. 30 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 305.00 per equity share.
- (2) Discount of Rs. 110 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 1,101.00 per equity share.
- (3) Discount of Rs. 15 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 306.00 per equity share.
- (4) Discount of Rs. 42 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 837.00 per equity share.

Summary statement of price information of past issues handled by ICICI Securities Limited

| Financial Year | Total no. of IPOs | Total amount of funds raised<br>(₹ in million) | No. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing date |                 |               | No. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing date |                 |               | No. of IPOs trading at discount as on 180 <sup>th</sup> calendar day from listing date |                 |               | No. of IPOs trading at premium as on 180 <sup>th</sup> calendar day from listing date |                 |               |
|----------------|-------------------|--|---|-----------------|---------------|--|-----------------|---------------|--|-----------------|---------------|---|-----------------|---------------|
|                |                   |  | 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*       | 8                 | 1,70,213.60                                    | -   | -               | -             | 1  | 3               | -             | -  | -               | -             | -   | -               | -             |
| 2020-21        | 14                | 1,74,546.09                                    | -   | -               | 5             | 5  | 2               | 2             | -  | -               | 2             | 4   | 2               | 2             |
| 2019-20        | 4                 | 49,850.66                                      | -   | -               | 2             | -  | 1               | 1             | 1  | -               | -             | 2   | -               | 1             |

\*This data covers issues upto YTD

Notes:

1. All data sourced from [www.nseindia.com](http://www.nseindia.com), except for Computer Age Management Services Limited for which the data is sourced from [www.bseindia.com](http://www.bseindia.com)

2. Benchmark index considered is NIFTY
3. 30<sup>th</sup>, 90<sup>th</sup>, 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 is a holiday, in which case we have considered the closing data of the previous trading day

## B. Edelweiss Financial Services Limited

Price information of past issues handled by Edelweiss Financial Services Limited

| S. No. | Issue name                                | Issue size<br>(₹ in million) | Offer Price<br>(₹) | Listing date      | Opening price<br>on listing date<br>(₹) | +/- % change in closing<br>price, [+/- % change in<br>closing benchmark]-<br>30 <sup>th</sup> calendar days from<br>listing | +/- % change in closing<br>price, [+/- % change in<br>closing benchmark]- 90 <sup>th</sup><br>calendar days from listing | +/- % change in closing<br>price, [+/- % change in<br>closing benchmark]-<br>180 <sup>th</sup> calendar days from<br>listing |
|--------|---|------------------------------|--------------------|-------------------|---|---|--|--|
| 1.     | Aptus Value Housing Finance India Limited | 27,800.52                    | 353.00             | August 24, 2021   | 333.00                                  | Not Applicable  | Not Applicable   | Not Applicable   |
| 2.     | Devyani International Limited             | 18,380.00                    | 90.00              | August 16, 2021   | 140.90                                  | Not Applicable  | Not Applicable   | Not Applicable   |
| 3.     | Powergrid Infrastructure Investment Trust | 77,349.91                    | 100.00             | May 14, 2021      | 104.00                                  | 14.00% [7.64%]  | 22.04% [10.93%]  | Not Applicable   |
| 4.     | Macrotech Developers Limited              | 25,000.00                    | 486.00             | April 19, 2021    | 436.00                                  | 30.22% [5.21%]  | 75.43% [10.89%]  | Not Applicable   |
| 5.     | Stove Kraft Limited                       | 4,126.25                     | 385.00             | February 5, 2021  | 498.00                                  | 30.68% [0.09%]  | 28.92% [-2.05%]  | 115.34% [8.08%]  |
| 6.     | Indigo Paints Limited^                    | 11,691.24                    | 1,490.00^          | February 2, 2021  | 2,607.50                                | 75.72% [4.08%]  | 55.40% [-0.11%]  | 74.84% [7.61%]   |
| 7.     | Burger King India Limited                 | 8,100.00                     | 60.00              | December 14, 2020 | 112.50                                  | 146.5% [7.41%]  | 135.08% [10.86%]   | 168.25% [16.53%]   |
| 8.     | Equitas Small Finance Bank Limited        | 5,176.00                     | 33.00              | November 2, 2020  | 31.10                                   | 5.45% [12.34%]  | 19.55% [16.84%]  | 68.18% [25.38%]  |
| 9.     | Mazagon Dock Shipbuilders Limited         | 4,436.86                     | 145.00             | October 12, 2020  | 214.90                                  | 18.90% [5.87%]  | 52.90% [20.25%]  | 45.79% [24.34%]  |
| 10.    | Angel Broking Limited                     | 6,000.00                     | 306.00             | October 5, 2020   | 275.00                                  | -2.32% [2.70%]  | 10.02% [21.86%]  | -3.74% [29.24%]  |

Source: [www.nseindia.com](http://www.nseindia.com)

^ Indigo Paints Limited - A discount of ₹ 148 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹1490 per equity share

### Notes

1. Based on date of listing.
2. % of change in closing price on 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day.
3. 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.
4. The Nifty 50 index is considered as the benchmark index
5. Not Applicable. – Period not completed
6. Disclosure in Table-1 restricted to 10 issues.

Summary statement of price information of past issues handled by Edelweiss Financial Services Limited

| Financial Year | Total no. of IPOs | Total amount of funds raised (₹ in million) | No. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing date |                 |               | No. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing date |                 |               | No. of IPOs trading at discount as on 180 <sup>th</sup> calendar day from listing date |                 |               | No. of IPOs trading at premium as on 180 <sup>th</sup> calendar day from listing date |                 |               |
|----------------|-------------------|---|---|-----------------|---------------|--|-----------------|---------------|--|-----------------|---------------|---|-----------------|---------------|
|                |                   |   | 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*       | 4                 | 1,48,530.43                                 | -   | -               | -             | -  | 1               | 1             | -  | -               | -             | -   | -               | -             |
| 2020-21        | 7                 | 45,530.35                                   | -   | -               | 1             | 3  | 1               | 2             | -  | -               | 1             | 5   | 1               | -             |
| 2019-20        | 3                 | 23,208.49                                   | -   | -               | -             | -  | 1               | 2             | -  | 1               | -             | 1   | -               | 1             |

The information is as on the date of the document

1. Based on date of listing.
2. Wherever 30<sup>th</sup> and 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.
3. The Nifty 50 index is considered as the Benchmark Index.

\*For the financial year 2021-22- 4 issues have been completed of which 2 issues have completed 90 calendar days.

### C. Kotak Mahindra Capital Company Limited

Price information of past issues handled by Kotak Mahindra Capital Company Limited

| S. No. | Issue name                                    | Issue size (₹ in million) | Offer Price (₹)  | Listing date    | Opening price on listing date (₹) | +/- % 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.     | Aptus Value Housing Finance India Limited     | 27,800.52                 | 353              | August 24, 2021 | 333.00                            | -   | -   | -  |
| 2.     | Cartrade Tech Limited                         | 29,985.13                 | 1,618            | August 20, 2021 | 1,599.80                          | -   | -   | -  |
| 3.     | Devyani International Limited                 | 18,380.00                 | 90               | August 16, 2021 | 140.90                            | -   | -   | -  |
| 4.     | Glenmark Life Sciences Limited                | 15,136.00                 | 720              | August 6, 2021  | 750.00                            | -   | -   | -  |
| 5.     | Zomato Limited                                | 93,750.00                 | 76               | July 23, 2021   | 116.00                            | +83.29%, [+3.75%]   | -   | -  |
| 6.     | Clean Science and Technology Limited          | 15,466.22                 | 900              | July 19, 2021   | 1,755.00                          | +66.33%, [+5.47%]   | -   | -  |
| 7.     | G R Infraprojects Limited                     | 9,623.34                  | 837 <sup>1</sup> | July 19, 2021   | 1,715.85                          | +90.82%, [+5.47%]   | -   | -  |
| 8.     | Krishna Institute of Medical Sciences Limited | 21,437.44                 | 825 <sup>2</sup> | June 28, 2021   | 1,009.00                          | +48.10%, [-0.43%]   | -   | -  |
| 9.     | Sona BLW Precision Forgings Limited           | 55,000.00                 | 291              | June 24, 2021   | 301.00                            | +45.45%, [+0.42%]   | -   | -  |
| 10.    | Macrotech Developers Limited                  | 25,000.00                 | 486              | April 19, 2021  | 436.00                            | +30.22%, [+5.21%]   | +75.43%, [+10.89%]  | -  |

Source: www.nseindia.com and www.bseindia.com

Notes:

1. In G R Infraprojects Limited, the issue price to eligible employees was ₹ 795 after a discount of ₹ 42 per equity share
2. In Krishna Institute of Medical Sciences Limited, the issue price to eligible employees was ₹ 785 after a discount of ₹ 40 per equity share
3. In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.
4. 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.
5. Restricted to last 10 equity initial public issues.

Summary statement of price information of past issues handled by Kotak Mahindra Capital Company Limited

| Financial Year | Total no. of IPOs | Total amount of funds raised (₹ in million) | No. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing date |                 |               | No. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing date |                 |               | No. of IPOs trading at discount as on 180 <sup>th</sup> calendar day from listing date |                 |               | No. of IPOs trading at premium as on 180 <sup>th</sup> calendar day from listing date |                 |               |
|----------------|-------------------|---|---|-----------------|---------------|--|-----------------|---------------|--|-----------------|---------------|---|-----------------|---------------|
|                |                   |   | 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        | 10                | 311,578.65                                  | -   | -               | -             | 3  | 3               | -             | -  | -               | -             | -   | -               | -             |
| 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:

1. The information is as on the date of this Red Herring Prospectus.
2. The information for each of the financial years is based on issues listed during such financial year.

### Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, see the websites of the BRLMs, as set forth in the table below:

| Sr. No. | Name of BRLM                           | Website   |
|---------|--|---|
| 1.      | ICICI Securities Limited               | <a href="http://www.icicisecurities.com">www.icicisecurities.com</a>            |
| 2.      | Edelweiss Financial Services Limited   | <a href="http://www.edelweissfin.com">www.edelweissfin.com</a>                  |
| 3.      | Kotak Mahindra Capital Company Limited | <a href="https://investmentbank.kotak.com">https://investmentbank.kotak.com</a> |



## Stock Market Data of Equity Shares

This being an initial public offer 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, subject to agreement with our Company for storage of such records for longer period, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 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 at the rate higher of ₹100 or 15% per annum of the application amount in the events of delayed or withdrawal of 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 Book Running Lead Managers shall compensate the investors at the rate higher of ₹100 or 15% per annum of the application amount

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, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the 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 bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of RIBs applying through the UPI Mechanism.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Banks 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 the Designated Intermediaries including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors 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.

Our Company has obtained authentication on the SCORES and is in compliance with the SEBI circular (CIR/OIAE/1/2014CIR/OIAE/1/2013) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

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.

## Disposal of Investor Grievances by our Company

Our Company has not received any investor grievances in the last three Financial Years prior to the filing of this Red Herring Prospectus.

After June 30, 2021, our Company and Subsidiaries have not received any investor grievances which were not resolved. As at the date of this Red Herring Prospectus there are no outstanding investor grievances. 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 15 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.

Our Company has appointed V. Sri Lakshmi, as the Company Secretary and Compliance Officer for the Offer and she may be contacted in case of any pre-Offer or post-Offer related problems. For details, see “*General Information – company Secretary and Compliance Officer*” on page 48. The Selling Shareholders have authorised the Company Secretary and Compliance Officer of our Company, and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Our Company has also constituted a Stakeholders' Relationship Committee comprising of Dr. D Nageshwar Reddy (*Chairperson*), Satyanaryana Murthy Chavali and Sunil Chandra Kondapally as members, to review and redress shareholder and investor grievances. For details, see "*Our Management – Stakeholders' Relationship Committee*" on page 145.

**Disposal of Investor Grievances by our listed Subsidiary Medinova Diagnostic Services Limited**

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address and signature of mandate and power of attorney, replacement, split, consolidation, dematerialization and rematerialization of shares, issue of duplicate certificates etc. are handled by Medinova's registrar and transfer agent being XL Softech Systems Limited.

As on June 30, 2021, there no outstanding investor grievance pending against Medinova.

## SECTION VII: OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares being offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, Listing Regulations, the terms of this Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital, Offer for Sale and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities to the extent applicable or such other conditions as maybe prescribed by such governmental and/or regulatory authority while granting its approval for the Offer.

#### Ranking of the Equity Shares

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. The Equity Shares being offered and Allotted in the Offer shall rank *pari passu* with the existing Equity Shares in all respects including dividends and other corporate benefits. For further details, see “*Description of Equity Shares and Terms of Articles of Association*” on page 286.

#### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders as per the provisions of the Companies Act, our MoA, AoA, the Listing Regulations and other applicable laws including guidelines or directives that may be issued by the GoI in this respect. All dividends, declared by our Company after the date of Allotment (pursuant to the Allotment of Equity Shares), will be payable to the Allottees, 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 160 and 286, respectively.

#### Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹1. The Floor Price is ₹[●] per Equity Share and Cap Price is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share and the Offer Price is ₹[●] per Equity Share.

The Price Band, the minimum Bid Lot size and the amount of the Employee Discount, will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/Offer Opening Date, in all editions of Financial Express, an English national daily newspaper and all editions of Jansatta, a Hindi national daily newspaper and Hyderabad edition of Surya Telugu Daily, a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective 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 on the respective websites of the Stock Exchanges.

At any given point of time, there shall be only one denomination for the Equity Shares.

#### Compliance with Disclosure and Accounting Norms

Our Company shall comply with all disclosure and accounting norms as specified by the SEBI from time to time.

#### Rights of the Shareholders

Subject to applicable laws, rules, regulations and guidelines and the AoA, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable laws including any RBI rules and regulations; and

- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the Listing Regulations and the AoA of our Company and other applicable laws.

For a detailed description of the main provisions of the AoA of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see “*Description of Equity Shares and Terms of Articles of Association*” on page 286.

### **Employee Discount**

Employee Discount, if any, may be offered to Eligible Employees bidding in the Employee Reservation Portion. Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment at Bid Amount, that is, Bid Amount net of Employee Discount, 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, less Employee Discount, at the time of making a Bid.

### **Market Lot and Trading Lot**

Pursuant to Section 29 of the Companies Act and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations and the Listing Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been entered into amongst our Company, the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated November 16, 2016 amongst our Company, NSDL and Registrar to the Offer.
- Tripartite agreement dated October 1, 2016 amongst our Company, CDSL and Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be in multiples of [●] Equity Share subject to a minimum Allotment of [●] Equity Shares. For the method of basis of allotment, see “*Offer Procedure*” on page 271.

### **Joint Holders**

Subject to the provisions of the AoA where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

### **Nomination facility to investors**

In accordance with Section 72 of the Companies Act, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of the 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 the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she 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 Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination/ cancel nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) 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, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

### **Withdrawal of the Offer**

Our Company and the Selling Shareholders in consultation with the BRLMs, reserve the right not to proceed with the Offer, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the 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 and inform the Stock Exchanges simultaneously. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Escrow Collection Banks to process refunds to the Anchor Investors within one Working Day from the date of receipt of such notification,. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

If our Company and the Selling Shareholders in consultation with the BRLMs, withdraw the Offer after the Bid/ Offer Closing Date and thereafter determine that they will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus after it is filed with the RoC.

#### Bid/ Offer Programme

|                             |                                  |
|-----------------------------|----------------------------------|
| <b>BID/ OFFER OPENS ON</b>  | September 1, 2021 <sup>(1)</sup> |
| <b>BID/ OFFER CLOSES ON</b> | September 3, 2021 <sup>(2)</sup> |

(1) Our Company and the Selling Shareholders in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations

An indicative timetable in respect of the Offer is set out below:

| Event   | Indicative Date                |
|---|--------------------------------|
| Bid/ Offer Closing Date   | September 3, 2021              |
| Finalisation of Basis of Allotment with the Designated Stock Exchange                       | On or about September 8, 2021  |
| Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account* | On or about September 9, 2021  |
| Credit of Equity Shares to demat accounts of Allottees                                      | On or about September 13, 2021 |
| Commencement of trading of the Equity Shares on the Stock Exchanges                         | On or about September 14, 2021 |

\* 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 the Company with the SCSBs, to the extent applicable.

**The above timetable, is indicative and does not constitute any obligation or liability on our Company, our 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 of the Bid/ Offer Closing Date, or such other period as may be prescribed by the SEBI, the timetable may be extended due to various factors, such as extension of the Bid/ Offer Period by our Company and the Selling Shareholders in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges, and delay in respect of final certificates from SCSBs. 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. Each of the Selling Shareholders, severally and not jointly, confirm that they shall extend such reasonable support and co-operation required by our Company and the BRLMs 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.**

**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 the Draft Red Herring Prospectus or this Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.**

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

**Submission of Bids (other than Bids from Anchor Investors):**

| <b>Bid/ Offer Period (except the Bid/ Offer Closing Date)</b> |  |
|---|--|
| Submission and Revision in Bids                               | Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”)) |
| <b>Bid/ Offer Closing Date</b>                                |  |
| Submission and Revision in Bids                               | Only between 10.00 a.m. and 3.00 p.m. IST                            |

**On the Bid/ Offer Closing Date, the Bids shall be uploaded until:**

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs and Eligible Employees Bidding under the Employee Reservation Portion

On Bid/ Offer Closing Date, extension of time will be granted by the Stock Exchanges only for uploading Bids received by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date, and in any case no later than 3:00 p.m. IST on the Bid/ Offer Closing Date. Any time mentioned in this Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days, during the Bid/ Offer Period. Bids will be accepted only during Monday to Friday (excluding any public holiday), during the Bid/ Offer period. Bids and revisions shall not be accepted on Saturdays and public holidays. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Neither the Selling Shareholders, nor our Company, nor any member of the Syndicate are liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; and (ii) 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 and the 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. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price will 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 revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Selling Shareholders 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 Price Band, and the revised Bid/ Offer Period, if applicable, shall 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 terminals of the Syndicate Members and by intimation to the Designated Intermediaries. In case of revision of price band, the Bid lot shall remain the same.**

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

**Minimum Subscription**

The requirement of minimum subscription is not applicable to the Offer in accordance with the SEBI ICDR Regulations. However, if our Company does not make the minimum Allotment as specified under terms of the Rule 19(2)(b) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the date of Bid/ Offer Closing Date, the Selling Shareholders, to the extent applicable, and our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, the Selling Shareholders, to the extent applicable, and our Company shall pay interest prescribed under the applicable law.

Further, the Selling Shareholders and our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the our Company shall be liable to pay interest on the application money in accordance with applicable laws. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company and every Director of our Company, who are officers in default,

shall pay interest at the rate of 15% per annum. In case of an undersubscription in the Offer, the Equity Shares proposed for sale by each Selling Shareholder shall be in proportion to the Offered Shares by such Selling Shareholder.

### **Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoters' minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure – Details of Promoter Contribution and Lock-in*" and "*Capital Structure – Other Lock-in requirements*" on page 58 and 59, respectively, and except as provided under the AoA, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the AoA. For details, see "*Description of Equity Shares and terms of Articles of Association*" on page 286.

### **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 the 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 the 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.

## OFFER STRUCTURE

Offer of up to 35,688,064 Equity Shares for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating to ₹[●] million, comprising of an Offer for Sale of up to 35,688,064 Equity Shares, up to 5,098,296 Equity Shares aggregating up to ₹[●] million by Dr. S. Surendranath Reddy, up to 29,487,290 Equity Shares aggregating up to ₹[●] million by Karakoram Limited and up to 1,102,478 Equity Shares aggregating up to ₹[●] million by Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1. The Offer shall constitute up to 35.00% of the post-Offer paid-up Equity Share capital of our Company. The Offer includes a reservation of up to 150,000 Equity Shares aggregating to ₹[●] million for subscription by Eligible Employees.

The Offer and the Net Offer shall constitute at least 35.00% and 34.85%, respectively, of the post-Offer paid-up Equity Share capital of our Company. The face value of the Equity Shares is ₹1 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> | Not more than 150,000 Equity Shares aggregating up to ₹[●] million   | Not more than 17,769,031 Equity Shares   | Not less than 5,330,710 Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and RIBs  | Not less than 12,438,323 Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders          |
| Percentage of Offer Size available for Allotment/allocation               | The Employee Reservation Portion shall constitute up to 0.42% of the Offer Size  | Not more than 50% of the Net Offer shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs | Not less than 15% of the Net Offer or the Net Offer less allocation to QIB Bidders and RIBs shall be available for allocation                                    | Not less than 35% of the Net Offer or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation |
| Basis of Allotment/allocation if respective category is oversubscribed    | Proportionate*; unless the Employee Reservation Portion is under-subscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion may be Allotted, on a proportionate basis, to Eligible Employees for value exceeding ₹200,000, subject to total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount) | Proportionate as follows (excluding the Anchor Investor Portion):<br>1. At least 355,381 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and<br>2. 6,752,232 Equity Shares shall be available for allocation on a proportionate basis to all other QIBs, including Mutual Funds receiving allocation as per (a) above<br><br>Not more than 10,661,418 Equity Shares may be allocated on a discretionary basis to Anchor Investors                         | Proportionate  | Proportionate, subject to minimum Bid Lot. For details, see “Offer Procedure” on page 271  |
| Minimum Bid   | [●] Equity Shares and in multiples of [●] Equity Shares thereafter   | Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter   | Such number of Equity Shares 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 Bid Amount does not exceed ₹500,000 (net of Employee Discount) <sup>(5)</sup>   | Such number of Equity Shares and in multiple of [●] Equity Shares not exceeding the size of the Net Offer, subject to applicable limits  | Such number of Equity Shares and in multiples of [●] Equity Shares not exceeding the size of the Net Offer (excluding QIB portion), subject to applicable limits | Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000                                 |



| Particulars                  | Eligible Employees <sup>#</sup>   | QIBs <sup>(1)</sup>   | Non-Institutional Bidders  | Retail Individual Bidders  |
|------------------------------|---|---|--|--|
| Mode of Bidding              | Through ASBA process only (except Anchor Investors)   |   |  |  |
| Bid Lot                      | [●] Equity Shares and in multiples of [●] Equity Shares thereafter  |   |  |  |
| Mode of Allotment            | Compulsorily in dematerialised form   |   |  |  |
| Allotment Lot                | A minimum of [●] Equity Shares and in multiples of one Equity Share thereafter  |   |  |  |
| Trading Lot                  | One Equity Share  |   |  |  |
| Who can apply <sup>(4)</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, Mutual Funds, 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 companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, National Investment Fund set up by the Government of India through resolution F. No.2/3/2005-DD-II dated November 23, 2005, the 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 Systemically Important NBFCs. | Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies and trusts, and FPIs who are individuals, corporate bodies and family offices and registered with SEBI | Resident Indian individuals, Eligible NRIs and HUFs (in the name of karta) |
| Terms of Payment             | <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>(3)</sup><br><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 (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form |   |  |  |

\* Assuming full subscription in the Offer.

# 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. The unsubscribed portion if any, 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.

- (1) Our Company and the Selling Shareholders in consultation with the BRLMs may 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 price at which allocation is being made to other Anchor Investors. 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 Net QIB Portion. For details, see "Offer Procedure" on page 271.
- (2) Subject to valid Bids being received at or above the Offer Price. This Offer is made in accordance with the Rule 19(2)(b) of the SCRR and is being made through the Book Building Process, in compliance with Regulation 6(1) of the SEBI ICDR Regulations.
- (3) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN. For details of terms of payment of applicable to Anchor Investors, see General Information Document available on the website of the Stock Exchanges and the BRLMs.
- (4) 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. The signature of only such First Bidder is required in the Bid cum Application Form and such First Bidder will be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, 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.
- (5) Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (net of Employee Discount) 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, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount) in value.

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 and the Selling Shareholders 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, see "Terms of the Offer" on page 264.

## 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 Circulars (the “**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, 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, especially in relation to the process for Bids by RIBs through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.

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 Bidders/Applicants; (v) Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid cum Application Form,); (vii) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date, (xii) interest in case of delay in allotment or refund; and (xiii) disposal of application.

SEBI vide the UPI Circulars, has introduced an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“**UPI Phase I**”). The UPI Phase I was effective till June 30, 2019.

With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), issued by SEBI, the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“**UPI Phase II**”). Subsequently however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days for the UPI Mechanism for applications by RIBs (“**UPI Phase III**”) and modalities of the implementation of UPI Phase III maybe notified and made effective subsequently, as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. 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 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 Red Herring Prospectus

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. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, has reduced the timelines for refund of Application money to four days.

The BRLMs shall be the nodal entity for any issues arising out of public issuance process.

In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI Circular. No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.

Our Company, the Selling Shareholders and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this 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 the Equity Shares that can be held by them under applicable law or as specified in the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus.

*Further, our Company, the Selling Shareholders and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.*

### **Book Building Procedure**

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, 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 allocated on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders 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, 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 the event of under-subscription, or non-allotment 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 spill-over from the remainder of the Net QIB Portion 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. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors 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. Further, up to 150,000 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, including the Employee Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs, and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of 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, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Offer. In case of an undersubscription in the Offer, the Equity Shares proposed for sale by each Selling Shareholder shall be in proportion to the Offered Shares by such Selling Shareholder.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Investors 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, PAN and UPI ID, as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the IPO.**

### **Phased implementation of UPI Mechanism**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, *inter alia*, equity shares. Pursuant to the UPI Circulars, 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 UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019. Under this phase, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required 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 using the UPI.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

### **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 the Stock Exchanges ([www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. RIBs are mandatorily required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and are allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

RIBs bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (including Bidders using UPI Mechanism) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection. RIBs using the UPI Mechanism may also apply through the mobile applications using the UPI handles as provided on the website of the SEBI.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

| <b>Category</b>  | <b>Colour of Bid cum Application Form*</b> |
|--|--|
| Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis | White                                      |
| Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis                 | Blue                                       |
| Anchor Investors   | White                                      |
| Eligible Employees bidding in the Employee Reservation Portion   | Pink                                       |

\* Excluding electronic Bid cum Application Forms

Notes:

(1) Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the websites of the Stock Exchanges ([www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)).

(2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.

(3) Bid cum Application Forms for Eligible Employees shall be available at the Registered and Corporate Office of the Company.

In case of ASBA Forms, the relevant Designated Intermediaries shall 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 using 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. For ASBA Forms (other than RIBs) 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. 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.

For RIBs 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 of funds prior to the Cut-Off Time and all pending UPI mandate requests at the Cut-Off Time shall lapse. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified 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.

### **Participation by Promoter and Promoter Group of the Company, the BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including 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.

Neither (i) 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 associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor; (ii) 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 Promoter or Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoter or 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 the BRLMs, 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.

Except to the extent of participation in the Offer for Sale by the Promoter, the Promoter Group will not participate in the Offer.

### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, reserve 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 can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

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 schemes. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-

Resident External (“**NRE**”) accounts (including UPI ID, if activated), or Foreign Currency Non-Resident (“**FCNR**”) Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB confirm or accept the UPI mandate request (in case of RIBs using the UPI Mechanism) 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. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Participation by Eligible NRIs in the Offer shall be subject to the FEMA Non-Debt Instruments Rules. Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment.

In accordance with the FEMA Non-Debt Instruments Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

For further details, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 285.

### **Bids by HUFs**

Bids by HUFs Hindu Undivided Families or HUFs, are required to be made 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 FPIs**

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%). In terms of the FEMA Non-Debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

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.

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 shall (i) use the PAN issued by the Income Tax Department 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.

A FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognized stock exchange in India, and/ or may purchase or sell securities other than equity instruments

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.

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.

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.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to, *inter alia*, the following conditions:

- (a) each 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.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

Further, Bids received from FPIs bearing the same PAN will 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 (Foreign Portfolio Investors) Regulations, 2019 (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, were 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 will be rejected.

#### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the SEBI VCF Regulations venture capital funds which have not re-registered as AIFs 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. The SEBI FVCI Regulations prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

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 whose shares are proposed to be listed. 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 funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

Participation of AIFs, VCFs and FVCIs 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.**

Our Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

#### **Bids by Eligible Employees**

Bids under Employee Reservation Portion by Eligible Employees shall be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour form).
- (b) 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). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid amounting up to ₹200,000 (net of Employee Discount). In the event of any 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), provided however that the maximum Bid in this category by an Eligible Employee cannot exceed ₹500,000 (net of Employee Discount).

- (c) The Bidder should be an Eligible Employee as defined above in this Red Herring Prospectus. In case of joint bids, the first Bidder shall be an Eligible Employee.
- (d) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.
- (e) Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this category.
- (f) Eligible Employees can apply at Cut-off Price.
- (g) Bids by Eligible Employees can be made also in the “Net Offer to the Public” and such Bids shall not be treated as multiple Bids.
- (h) If the aggregate demand in this category is less than or equal to 150,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- (i) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.
- (j) Eligible Employees shall not Bid through the UPI Mechanism in the Employee Reservation Portion.

In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Offer constituting 34.85% of the post-Offer share capital of our Company. If the aggregate demand in this category is greater than 150,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

#### **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 and the Selling Shareholders in consultation with the BRLMs 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 and the Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason. The investment limit for banking companies in non-financial services companies shall be in accordance with the Banking Regulation Act, 1949 and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

#### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. 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 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 and the Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended are broadly set forth below:

- (a) equity shares of a company: the lower of 10%\* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) 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 reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, 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 (a), (b) and (c) 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.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

### **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 a 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 and the Selling Shareholders in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

### **Bids under power of attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, NBFC-SI insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a 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 must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders in consultation with the BRLMs in their absolute discretion, reserve 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 and the Selling Shareholders in consultation with the BRLMs may deem fit.

### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus and the Prospectus.**

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

### **General Instructions**

#### ***Do's:***

1. Check if you are eligible to apply as per the terms of this Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

4. Ensure that you (other than Anchor Investors) have mentioned the correct ASBA Account number and such ASBA account belongs to you and no one else if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form (with maximum length of 45 characters) and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID in the Bid cum Application Form;
5. 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. Retail Individual Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;
6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;
7. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;
8. Ensure that you request for and receive a stamped acknowledgement counterfoil by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
9. If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be);
10. 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. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms. PAN of the First Bidder is required to be specified in case of joint Bids;
11. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
12. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
13. Retail Individual Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;
14. 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, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by Bidders who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) 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, all Bidders should mention their PAN allotted under the IT Act. 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;
16. Ensure that the Demographic Details are updated, true and correct in all respects;
17. 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;
18. Ensure that the category and the investor status is indicated in the Bid cum Application Form;

19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
20. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;
21. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, 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, PAN and UPI ID, if applicable, available in the Depository database;
22. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the mobile application and the UPI handle being used for making the application in the Offer is also appearing in the "list of mobile applications for using UPI in public issues" displayed on the SEBI website;
23. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;
24. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;
25. 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 authorize 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;
26. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs;
27. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected; and
28. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that 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)).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders) and ₹500,000 (for Bids by Eligible Employees);
3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
7. Do not submit the Bid for an amount more than funds available in your ASBA account.
8. 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 a Bidder;
9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;
11. Anchor Investors should not Bid through the ASBA process;
12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
14. Do not submit the General Index Register (GIR) number instead of the PAN;
15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
16. 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;
17. 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);
18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;
19. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;
20. If you are a QIB, do not submit your Bid after 3:00 pm on the QIB Bid/Offer Closing Date;
21. Do not Bid on another ASBA Form after you have submitted a Bid to any of the Designated Intermediaries;
22. Do not Bid for Equity Shares in excess of what is specified for each category;
23. 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 applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of this Red Herring Prospectus;
24. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of Retail Individual Bidders Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;
25. 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. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;
26. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;
27. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;
28. Do not Bid if you are an OCB;
29. 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 RIBs using the UPI Mechanism;
30. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;
31. Do not submit a Bid cum Application Form with a third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism); and
32. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected; and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are 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 Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see “*General Information – Company Secretary and Compliance Officer*” on page 48.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Further, 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 BRLM                           | E-mail                                |
|--------|--|---------------------------------------|
| 1.     | ICICI Securities Limited               | vijaya.ipo@icicisecurities.com        |
| 2.     | Edelweiss Financial Services Limited   | vijayadiagnostic.ipo@edelweissfin.com |
| 3.     | Kotak Mahindra Capital Company Limited | vijayadiagnostic.ipo@kotak.com        |

#### **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, 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 1% 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 shares, if any, shall be allotted on a proportionate basis.

#### **Payment into Escrow Account(s) for Anchor Investors**

Our Company and the Selling Shareholders in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. 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, NACH or NEFT) to the Escrow Accounts. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

- (a) In case of resident Anchor Investors: “Vijaya Diagnostics Centre Ltd. – Anchor Resident Account”
- (b) In case of Non-Resident Anchor Investors: “Vijaya Diagnostics Centre Ltd – Non Resident Anchor Account”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

#### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, our Company shall, after filing this Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) all editions of Financial Express, a widely circulated English national daily newspaper; (ii) all editions of Jansatta, a Hindi national daily newspaper; and (iii) Hyderabad editions of Surya Telugu Daily, a widely circulated Telugu national daily newspaper, Telugu also being the regional language of Telangana, where our Registered Office is located), each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/ Offer Opening Date and 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, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

**The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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 and as specified in this Red Herring Prospectus.**

#### **Signing of the Underwriting Agreement and the RoC Filing**

- (a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

### **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). For more information, see "*Terms of the Offer*" on page 264.

### **Undertakings by our Company**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed;
- if 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. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the unsuccessful Bidder within six Working Days from the Bid/ Offer Closing Date or such other 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;
- Promoters' contribution, if any, shall be brought in advance before the Bid/ Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees;
- Except for Equity Shares that may be allotted pursuant to the conversion of employee stock options granted under ESOP 2001, no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

### **Undertakings by the Selling Shareholders**

Each Selling Shareholder severally and not jointly undertakes that:

- the Equity Shares being sold by it pursuant to the Offer have been held by them for a period of at least one year prior to the date of filing this Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;
- they shall provide all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of their respective portion of Offered Shares pursuant to the Offer;
- they are the legal and beneficial owner of the Equity Shares which are offered by them pursuant to the Offer for Sale and are free and clear of any pre-emptive rights, liens, charges, pledges, or transfer restrictions;
- that they shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the extent of their respective portion of Offered Shares pursuant to the Offer;
- they shall deposit their respective portions of Offered Shares in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

- they are not debarred from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI;
- it shall not have recourse to the proceeds of the Offer, which shall be held in escrow in its favour, until final approval for trading of the Equity Shares from the Stock Exchanges where listing is sought has been received.
- The filing of this Red Herring Prospectus does not absolve the Selling Shareholders from any liabilities to the extent of the statements specifically made or confirmed by themselves in respect of themselves and of their respective Offered Shares, under Section 34 or Section 36 of Companies Act, 2013.

#### **Utilisation of Offer Proceeds**

Our Company and the Selling Shareholders, severally and not jointly, specifically confirm 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 sub-section (3) of Section 40 of the Companies Act.

## 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. Under the Industrial Policy, 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 under the FDI Policy and FEMA.

The Government has from time to time made policy pronouncements on foreign direct investment (“**FDI**”) through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) (“**DPIIT**”), issued the FDI Policy, which is effective from October 15, 2020 (the “**FDI Policy**”), which subsumes 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 FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid-up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions. For details, see “*Key Regulations and Policies*” on page 126.

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 FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For details, see “*Offer Procedure*” on page 271.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-Debt Instruments Rules, any investment, subscription, purchase or sale of equity instruments 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, as prescribed in the FDI Policy and the FEMA Non-Debt Instruments Rules. 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. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such 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 Offer Period.

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. 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 the 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) under Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in offshore transactions as defined in and in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. There will be no public offering of Equity Shares in the United States.**

The above information is given for the benefit of the Bidders. 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 Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.



## **SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION**

*Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:*

*The Articles of Association of the Company comprise of 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, inconsistency or contradiction between Part A and Part B, the provisions of Part B shall prevail and override. However, Part B shall automatically terminate and cease to have any force and effect (save and except as expressly set out therein) from the date of Listing of Equity Shares of the Company on a Recognized Stock Exchange (as defined in Part B) without any further action, including any corporate action, by the Company or by the Shareholders.*

### **Authorised Share Capital**

The authorized share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of shares in the Company as stated in Clause V of the MoA or as altered from time to time, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of the Company

### **Alteration of Capital**

Power to sub-divide, consolidate and cancel share certificate.

The Company may, by Ordinary Resolution, from time to time, alter the conditions of MoA as follows:

- a. Increase the share capital by such amount to be divided into shares of such amount as it thinks expedient;
- b. Consolidate and divide all or any its share capital into shares of larger amount than its existing shares; provided that any consolidation and division which results in changes in the voting percentage of Members shall require applicable approvals under the Act;
- c. Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by MoA;
- 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; and
- e. Convert all or any one its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination.

### **Allotment of Shares**

Subject to the provisions 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 Board 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 or at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person the option or right to call for any shares either at par or premium during such time and for such consideration as the Board think fit.

### **Forfeiture and Lien**

The Company shall subject to applicable law have a first and paramount lien on every share / debenture (not being a fully paid share / debenture) 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 that share / debenture and no equitable interest in any share shall be created upon the footing and condition that this article will have full effect. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien: provide that no sale shall be made until the expiration of 14 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 of the share or the person entitled thereto by reason of his death or insolvency.

### **Certificate**

Every Member of the Company 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 approve, to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates, unless prohibited by any provision of law or any order of court, tribunal or other authority having jurisdiction, within two (2) months from the date of allotment, or within one (1) month of the receipt of application of registration of transfer, transmission, sub division,

consolidation or renewal of any of its shares as the case maybe. The provisions of the Act shall be complied with in the issue, reissue, renewal of share certificates and the format, sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the said Act.

Every certificate of shares shall be under the Seal of the Company and shall specify the shares to which it relates and the amount paid-up thereon.

If any certificate be defaced, mutilated, torn or old, decrepit, worn- out 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 is 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.

No fee shall be charged for sub-division and consolidation of share / debenture certificates and for sub-division of letters of allotment, split and consolidation.

### **Transfer of Shares**

The instrument of transfer of any share shall be in writing and all the provisions of the Act shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use the form of transfer, as prescribed under the Act, in all cases. In case of transfer of shares, where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply. The Board may decline to recognize any instrument of transfer unless the instrument of transfer is in the form prescribed under the Act, is in respect of only one class of shares and is accompanied by the certificate of 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.

### **Transmission of shares**

The executors or administrators or the holders of a succession certificate issued in respect of the shares of a deceased Member and not being one of several joint holders shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such Members and in case of the death of one or more of the joint holders of any registered share, the survivor or survivors shall be entitled to the title or interest in such shares but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person. Before recognizing any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtain a grant of probate or letters of administration or succession certificate or other legal representation as the case may be from a competent court, provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with production of the probate or letter of administration or a secession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.

Any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Members, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Article, or of his title, elect to either be registered himself as holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder or to make such transfer of the share as the deceased or insolvent member could have made. 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. Provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares.

### **Borrowing Powers**

The Board may, from time to time and at its discretion, raise or borrow or secure the payment of any sums or sum of money for the purposes of the Company in such manner and upon such terms and conditions in all respects as it thinks fit.

### **General Meetings**

All General Meetings of the Company other than the Annual General Meeting shall be called an Extra-ordinary General Meeting. The notice of a General Meeting shall be given to the Members of the Company, legal representative of any deceased Shareholder or the assignee of an insolvent member of the Company the Directors of the Company and the auditors for the time being of the Company.

### **Meetings of Directors**

The Board of Directors shall meet at least once in every three months with a maximum gap of 120 days between two meetings of the Board for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in accordance with the Act, provided that at least four such meetings shall be held in every year. Notice of at least seven days, in

writing of every meeting of the Board shall be given to every Director and every alternate Director at his usual address whether in India or abroad.

The quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher and the participation of the Directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum. If within half an hour from the time appointed for a meeting of the Board, a quorum is not present, the meeting, shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine.

### **Managing Directors**

Subject to the provisions of Section 196, 197 and 203 of the Companies Act and of the Articles of Association, the Board shall have the power to appoint from time to time any full time employee of the Company as managing director/ whole time director or executive director or manager of the Company.

### **Appointment of Directors**

Subject to the applicable provisions of the Act, the number of Directors of the Company shall not be less than 3 (three) and not more than 15 (fifteen). The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the provisions of the Listing Regulations. The Board shall have an optimum combination of executive and Independent Directors with at least 1 (one) woman Director, as may be prescribed by law from time to time.

### **Votes of Members**

On a show of hands every Member present in person and being a holder of Equity Shares shall have one vote and every person present either as a Proxy on behalf of a holder of Equity Shares or as a duly authorized representative of a body corporate being a holder of Equity Shares, if he is not entitled to vote in his own right, shall have one vote.

On a poll, the voting rights of holder of Equity Shares shall be in proportion to his share in the paid-up Equity Share capital of the Company. A Member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.

A person becoming entitled to a share shall not before being registered as Member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to meeting of the Company.

No Member shall be entitled to exercise any voting rights either personally or by Proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right or lien.

### **Dividend**

The Company in General Meeting may declare the dividends, but no dividend shall exceed the amount recommended by the Board. The Board may from time to time pay to the Members such interim dividends of such amount on such class of shares and at such times as it may think fit.

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.

No dividend shall bear interest against the Company.

### **Unpaid or Unclaimed Dividend**

Any dividend remaining unpaid or unclaimed after having been declared shall be dealt in accordance with the provisions of the applicable law.

Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within seven days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank and transfer to such account, the total amount of the dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the said special account of the 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 "Investors Education and Protection Fund" established under the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law and the Company shall comply with the provisions of the applicable laws in respect of such dividend.

## **Winding Up**

Subject to the provisions of applicable law, the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application, such assets shall be distributed among the Members according to their rights and interests in the Company.

## **Indemnity**

Subject to the provisions the Act, the Company shall indemnify every Director and Officer of the Company against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted or in which relief is granted to them by the court or the tribunal. However, such indemnification shall not apply in respect of any cost or loss or expenses to the extent it is finally judicially determined to have resulted from the negligence, willful misconduct or bad faith acts or omissions of such Director.]

## **PART B**

*The Articles of Association of our Company comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until the commencement of the listing of equity shares of the Company pursuant to the Offer. In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to applicable law, prevail and be applicable. Part B of the Articles of Association of the Company provides for the rights and obligations of the parties to the Investment Agreement dated November 23, 2016 amongst our Company, Dr. S. Surendranath Reddy, K. Sunil Chandra, S. Suprita Reddy, S. Geetha Reddy, B Vishnu Priya, Karakoram Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 as amended by waiver cum amendment agreement. All articles of Part B shall automatically terminate, without any further corporate or other action by the Company or by its shareholders, and cease to have any force and effect from the date of listing of Equity Shares of the Company on a recognized stock exchange in India pursuant to the Offer and the provisions of Part A shall continue to be in effect and be in force, without any further corporate or other action, by our Company or by our Shareholders.*

## 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 Red Herring Prospectus) which are or may be deemed material will be attached to the copy of this Red Herring Prospectus and the Prospectus, as applicable, which will be delivered to the RoC for filing. Copies of the abovementioned documents and contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from date of this Red Herring Prospectus until the Bid/Offer Closing Date.

#### A. Material Contracts for the Offer

1. Offer Agreement dated June 5, 2021 between our Company, the Selling Shareholders and the BRLMs.
2. Registrar Agreement dated June 4, 2021 between our Company, the Selling Shareholders and the Registrar to the Offer.
3. Cash Escrow and Sponsor Bank Agreement dated August 19, 2021 between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank, Sponsor Bank, Public Offer Bank and the Refund Bank.
4. Share Escrow Agreement dated August 19, 2021 between our Company, the Selling Shareholders and the Share Escrow Agent.
5. Syndicate Agreement dated August 23, 2021 between our Company, the Selling Shareholders, the BRLMs, the Registrar to the Offer and Syndicate Members.
6. Underwriting Agreement dated [●] between our Company, the Registrar to the Offer, Selling Shareholders and the Underwriters.

#### B. Material Documents

1. Certified copies of the updated MoA and AoA of our Company as amended from time to time.
2. Certificate of incorporation dated June 5, 2002 issued to our Company, under the name Vijaya Diagnostic Centre Private Limited by the Registrar of Companies, Andhra Pradesh at Hyderabad.
3. Fresh certificate of incorporation consequent on change of name issued by the Registrar of Companies, Telangana at Hyderabad on March 26, 2021 pursuant to change of name from Vijaya Diagnostic Centre Private Limited to Vijaya Diagnostic Centre Limited.
4. ESOP Plan 2018 and ESOP Schemes 2018.
5. Investment agreement dated November 23, 2016 amongst our Company, Dr. S. Surendranath Reddy, K. Sunil Chandra, S. Suprita Reddy, S. Geeta Reddy, B Vishnu Priya, Karakoram Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1
6. Waiver cum amendment agreement dated May 27, 2021 amongst our Company, Dr. S. Surendranath Reddy, K. Sunil Chandra, S. Suprita Reddy, S. Geeta Reddy, B Vishnu Priya, Karakoram Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1
7. Slump sale agreement dated November 6, 2019 amongst our Company, VDC Diagnostics (Karnataka) LLP and L7H Life Resources Pvt Ltd
8. Resolution of the Board dated June 4, 2021, authorising the Offer and resolution of the Board dated June 4, 2021 approving the Draft Red Herring Prospectus.
9. Scheme of amalgamation between Vijaya Diagnostic Private Limited, Bhadrakali Medical Center Private Limited, Vijaya Diagnostic Centre (Mancherla) Private Limited with our Company, under Section 233 and certain other provisions of the Companies Act, 2013 filed pursuant to the order of the High Court for the State of Telangana and Andhra Pradesh dated January 6, 2016
10. Resolution of our Board dated August 24, 2021 approving this Red Herring Prospectus for filing with the Registrar of Companies and subsequently with SEBI and the Stock Exchanges
11. Copies of the annual reports of our Company for the Financial Years 2021, 2020 and 2019.

12. The examination report dated August 16, 2021 of the Statutory Auditor, on our Restated Financial Information, included in this Red Herring Prospectus along with the Restated Financial Information.
13. The statement of special tax benefits dated June 5, 2021 from the Statutory Auditors.
14. Shareholders' resolution dated May 27, 2021 approving remuneration for Dr. S. Surendranath.
15. Shareholders' resolution dated May 27, 2021 approving remuneration for Sunil Chandra Kondapally.
16. Written consent of the Selling Shareholders, Directors, the BRLMs, the Syndicate Members, Domestic Legal Counsel to our Company, Legal Counsel to the BRLMs as to Indian Law, International Legal Counsels to the BRLMs, Legal Counsel to Selling Shareholders, Registrar to the Offer, Escrow Collection Bank, Public Offer Bank, Refund Bank, Sponsor Bank, Bankers to our Company, Company Secretary and Compliance Officer as referred to in their specific capacities.
17. Written consent of the Statutory Auditors dated August 16, 2021 and independent chartered accountant dated August 24, 2021 to include their name as required under Section 26(5) of the Companies Act in this Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act.
18. Report titled "*Assessment of the diagnostic industry in India*" dated May, 2021 read with the addendum to the report dated August 2021, prepared and issued by CRISIL Limited.
19. Written consent dated August 12, 2021 issued by CRISIL Limited with respect to the report titled "*Assessment of the diagnostic industry in India*" dated May, 2021 read with the addendum to the report dated August 2021, and engagement pursuant to email dated March 20, 2021 between the Company and CRISIL Limited
20. Consent letters from the Selling Shareholders, authorising their participation in the Offer.
21. Due diligence certificate dated June 5, 2021, addressed to SEBI from the BRLMs.
22. In principle listing approval dated July 5, 2021 and June 30, 2021 issued by BSE and NSE, respectively.
23. Tripartite agreement dated November 16, 2016 between our Company, NSDL and the Registrar to the Offer.
24. Tripartite agreement dated October 1, 2016 between our Company, CDSL and the Registrar to the Offer.
25. SEBI observation letter bearing reference number SEBI/HO/CFD/DIL-1/P/OW/2021/0000016198/1 and dated July 23, 2021.

Any of the contracts or documents mentioned in this 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

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

**Dr. Sura Surendranath Reddy**

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*(Executive Chairman)*

**Place:** Hyderabad

**Date:** August 24, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

**S Geeta Reddy**

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*(Non-Executive Director)*

**Place:** Hyderabad

**Date:** August 24, 2021



## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

**Sunil Chandra Kondapally**

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*(Executive Director)*

**Place:** Hyderabad

**Date:** August 24, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

**Nishant Sharma**

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*(Non-Executive, Nominee Director)*

**Place:** Mumbai

**Date:** August 24, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

**Dr. D Nageshwar Reddy**

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*(Non-Executive, Independent Director)*

**Place:** Hyderabad

**Date:** August 24, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

**Shekhar Prasad Singh**

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*(Non-Executive, Independent Director)*

**Place:** Hyderabad

**Date:** August 24, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

**Satyanaryana Murthy Chavali**

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*(Non-Executive, Independent Director)*

**Place:** Hyderabad

**Date:** August 24, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

**Manjula Anagani**

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*(Non-Executive, Independent Director)*

**Place:** Hyderabad

**Date:** August 24, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY CHIEF FINANCIAL OFFICER**

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**Narasimha Raju K.A**

**Place:** Hyderabad

**Date:** August 24, 2021

## DECLARATION

Dr. Sura Surendranath Reddy hereby confirms that all statements, disclosures and undertakings made or confirmed by him in this Red Herring Prospectus about or in relation to himself, as a Promoter Selling Shareholder and his portion of the Offered Shares, are true and correct. Dr. Sura Surendranath Reddy, as a selling shareholder assumes no responsibility for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

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Signed by Dr. Sura Surendranath Reddy

**Date:** August 24, 2021

**Place:** Hyderabad



## DECLARATION

Karakoram Limited hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as an Investor Selling Shareholder and its portion of the Offered Shares, are true and correct. Karakoram Limited assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures or undertakings made or confirmed by, or relating to, the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

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**Signed on and on behalf of Karakoram Limited**

**Name:** Santosh K. Gujadhur

**Designation:** Director

**Date:** August 24, 2021

**Place:** Mauritius

## DECLARATION

Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 hereby confirms that all statements, disclosures and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself, as an Investor Selling Shareholder and its portion of the Offered Shares, are true and correct. Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 assumes no responsibility for any other statements, disclosures and undertakings, including any statements, disclosures or undertakings made or confirmed by, or relating to, the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

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**Signed on and on behalf of Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1**

**Name:** Nishant Sharma

**Designation:** Authorised, Investment Manager, Kedaara Capital Advisors LLP

**Date:** August 24, 2021

**Place:** Mumbai