



# ANNUAL REPORT

2015-16

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## Waking up to cancer

Curtis Carpenter was suffering from cancer when he came to HCG.

It would have been simplistic to merely treat him; being devoutly religious, he laid down a condition: he would not seek blood transfusion from another person.

Since blood transfusion is critical to bone marrow transplantation, most health care centres politely pointed him in other directions.

Finally, Curtis sought his luck across the world and his destiny drew him to India.

More specifically, to HCG.

HCG rose to the challenge.

HCG turned to the Bloodless Autologous Transplant, one of only two global centers with this rare therapeutic technology.

The bloodless bone marrow transplant was possibly the only one of its type in Asia.

Following this one-of-a-kind procedure, Curtis is back in the USA.

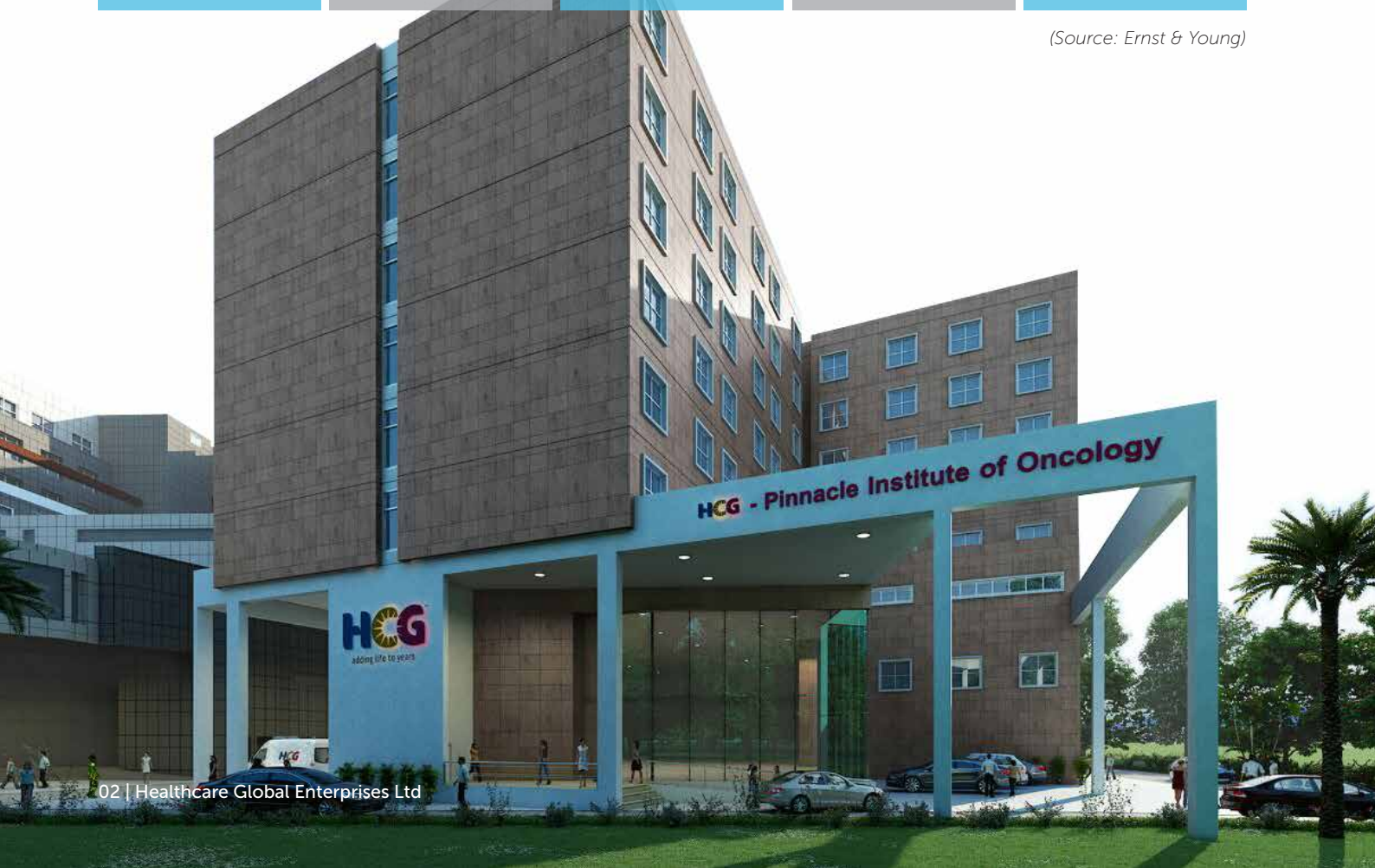
*Healthier than ever. Stronger than ever.*

# HealthCare Global Enterprise Limited.


## Engaged in fighting a grim cancer reality in India

600,000 Number of people who succumb to cancer each year in India	10,00,000 Number of new cancer cases reported each year in India	7 Cancer-related deaths in India as % of all deaths	40 Percentage of cancer centres in India in-equipped to provide advanced cancer care	300 Number of cancer care centres in India today (source: Health Ministry)
600 Number of cancer care centres needed by 2020	1/100,000 Number of cancer care centres per 100,000 of population	8 Percentage of every new global cancer patient who is Indian (Source: US Department of Health and Human Services)	56 Percentage of new cancer patients in India who are women	7.5 Percentage increase in the number of Indian cancer patients
19 Percentage of stomach cancer survival cases in India	37 Percentage of colon cancer survival cases in India	4 Percentage of liver cancer survival cases in India	60 Percentage of breast and prostate cancer survival cases in India	1/5 One of five cancer-related deaths in the world is from India
70 Percentage of cancer-related deaths in the first year in India due to late detection and poor healthcare access	80 Percentage of Indian cancer patients who consult doctors at an advanced stage	71 Percentage of cancer deaths in India in the age band of 30-69 (higher incidence in developed countries for people 50+)	15 Percentage of Indian cancer patients who are children and adolescents	43 Percentage of Indian breast cancer cases diagnosed at early stages (i.e., stage I or stage II)

(Source: Ernst & Young)







Our goal at HCG is to provide accurate diagnosis and precision treatment resulting in improved outcomes. Our motto of 'adding life to years' signifies that the quality of life of patients is core to treatment approach and protocol.



## HCG. Also countering infertility.

1>

Percentage of Indian women (40 to 69 years) who participated in recommended breast screening mammograms once in 24 months

27.5

Number (million) of couples suffering from infertility in India

32

Indicative number (million) of couples likely to suffer from infertility in India, 2020

0.3>

Number of Indian couples who seek fertility treatment

*(Source: Call for Action: Expanding cancer care in India dated July 2015, page number 14, published by Ernst & Young)<sup>1</sup>*





*HCG has presence in the emerging field of reproductive sciences*



# Overview of the Indian healthcare industry



Even as India is one of the most under-penetrated countries in terms of modern healthcare access, spending on healthcare represents only around 4% of India's GDP.

At a market value of US\$81.3 billion, India was the sixth largest healthcare market globally in 2014, addressing the second most populous country (Source: India Brand Equity Foundation, <http://www.ibef.org/industry/healthcare-presentation>) Much of India's health care spending is accounted for by its hospital segment, comprising about 71% of the total healthcare revenue in India at 2012

estimates. Interestingly, the private sector accounts for almost 72% of the country's healthcare expenditure (Source: India Brand Equity Foundation).

The Indian healthcare industry is expected to grow at a CAGR of 17% between 2008 and 2020; by 2020, the Indian healthcare industry is expected to enjoy a market value of US\$280 billion (Source: India Brand Equity Foundation).

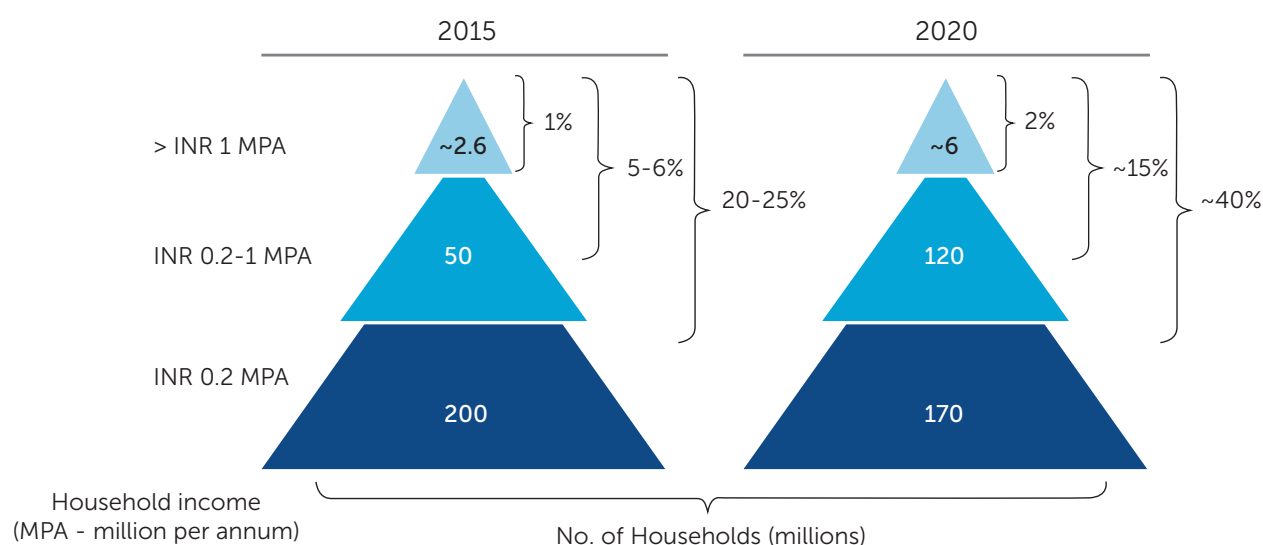
## Lifestyle transformation

For decades, India's muted health care spending was the result of a relatively low presence of accessible, available

and affordable healthcare on the one hand and low incomes on the other. This reality is being corrected faster than ever. An increase in healthcare awareness is driving investments in the sector; increased incomes are catalysing healthcare expenditure. This trend is not just likely to sustain; it is projected to accelerate. The number of Indian households earning more than Rs. 0.2 million per annum is expected to increase from around 50 million in 2015 to around 120 million by 2020, translating into a demand for better quality and accessibility of health care.



## Projected income levels in India



(Source: Ernst & Young)<sup>1</sup>

## Cancer: The growing scourge

Within India's health care industry, the incidence of lifestyle diseases is expected to increase faster than any other segment; within the lifestyle space, we see the occurrence of cancer increasing faster than ever. The total number of cancer patients in India is estimated to be 3.9 million people in 2015, with 1.1 million reported new cancer cases during the year even as data from large randomised screening trials suggest that the real incidence of the disease could be 1.5 to 2 times higher than the reported incidence, or an estimated 1.6 to 2.2 million new cancer cases during 2015 (Source: Ernst & Young).

In India, the challenge is not only quantity; it is also quality. The subject of cancer is a moving goalpost. In 2000, the most prevalent cancers in India were head and neck cancers in men (associated with oral tobacco use) and cervical cancer in women (associated with human papillomavirus infection and poor female sanitation). In just the last decade-and-a-half, breast cancer has surpassed cervical cancer as the most prevalent cancer in Indian women. Interestingly, the

incidence rates of gastrointestinal cancers, traditionally low in India in comparison to developed nations and China, also increased (Source: Ernst & Young).

The reported cancer incidence in India is based on data collected from cancer registries, which cover less than 10% of the population, resulting in a significant margin of estimation error. There is also evidence to suggest that much of the problem in India is the result of low awareness that in turn results in staggered diagnosis and delayed treatment. Fewer than 1% of women in India aged between 40 and 69 years participated in recommended breast screening mammograms once in 24 months, as compared to 30% in China and 65% in the United States in 2014. The result is that between 2009 and 2011, only 43% breast cancer cases were diagnosed at early stages (i.e., stage I or stage II) of the disease in India; the corresponding number was 62% in the United States, 81% in the United Kingdom and 72% in China, holding out positive prospects for companies like HCG combating one of mankind's most lethal killers.

## Long-term relevance

One of the points that we wish to emphasise is that HCG is engaged in verticals that are expected to remain relevant well into the long-term.

The prevalence of cancer in India is expected to only increase: from an estimated 3.9 million in 2015 to an estimated 7.1 million people by 2020; the reported cancer incidence in India is expected to increase from an estimated 1.1 million in 2015 to 2.1 million by 2020 (Source: Ernst & Young).

The reasons why the impact of the disease are expected to grow across the long-term are because our lifestyles, the principal disease cause, are unlikely to change for the better across the foreseeable future.

Take demographic changes, for instance. India's population over the age of 50 years is expected to increase from 228 million in 2015 to 262 million by 2020. As India ages, the incidence of cancer is likely to increase; it is estimated that demographic factors alone are expected to increase cancer incidence by 100,000 to 350,000 cases a year (Source: Ernst & Young).



Besides, a number of prevalent social evils like tobacco use, alcohol consumption, use of processed food and meat, reduced fiber content in diets and growing obesity are expected to increase disease vulnerability. Besides, there is growing evidence to indicate that urban air is increasingly carcinogenic. These factors, when taken cumulatively, indicate that there could be an increase in cancer incidence by 350,000 to 450,000 cases a year in India (Source: Ernst & Young).

## Hope

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

## A question of preparedness

Even as there is growing cancer awareness coupled with increased

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

The sad reality is that as of 2014, only 30% of India's cancer centres possessed advanced imaging technologies like PET-CT, as a result of which an estimated 200,000 to 250,000 PET-CT scans were conducted in India in 2014, compared to approximately 1.6 million in the United States during the same year (Source: Ernst & Young)<sup>1</sup>

For the successful address of cancer incidence in India, the availability of diagnostic equipment and infrastructure are not enough; what is critical in this price-sensitive geography is the affordable service pricing.

It is here that India is attractively placed. Even at for-profit hospitals in India, the cost of cancer care, including treatment with advanced technologies like PET-CT and LINAC-based radiation therapy, is one of the lowest in the world and a fraction of the treatment cost in the United States and Europe after adjusting for purchasing power parity. And the irony is that despite this

encouraging reality, quality cancer care continues to be unaffordable and inaccessible to a large proportion of the Indian population.

The other challenge in India is the sheer quantum of diagnostic intervention infrastructure required to address the projected increase in cancer incidence. Given that only 15% to 20% of cancer patients can currently undergo radiation treatment in India, compared to an actual clinical need of 40% to 45% of cancer patients, it is estimated that India needs an estimated 750 to 900 LINAC installations by 2020, virtually doubling its existing availability (Source: Ernst & Young)<sup>1</sup>

A similar trend is visible in treatment infrastructure. In 2015, cancer patients underwent an approximate 1.4 to 2.0 million chemotherapy cycles, which is expected to increase to 2.3 to 3.5 million chemotherapy cycles by 2020.

Similarly, 0.3 to 0.4 million cancer surgeries were performed in India during 2015, generating demand for about 4,500 dedicated cancer beds. The demand for cancer surgeries is estimated to increase to 0.6 to 0.75 million surgical cases by 2020, resulting in a demand for 9,000 to 10,000 dedicated cancer beds. In the absence of constraints relating to affordability and availability of cancer care in India, the potential need for cancer surgeries would be 1.2 to 1.6 million surgeries a year, generating a need for 17,000 to 22,000 cancer beds by 2020 (Source: Ernst & Young).

## Cost of Cancer Treatment

(Amounts in ₹)

Type of treatment	India	United States	United States (purchasing power parity adjusted)
Chemotherapy	150,000 - 240,000	1.3 - 1.8 million	510,000 - 720,000
Surgery	60,000 - 100,000	1.5 - 1.8 million	600,000 - 720,000
Radiation Therapy	60,000 - 100,000	1.1 - 1.4 million	430,000 - 540,000

(Source: Ernst & Young)