



June 27, 2020

National Stock Exchange of India Limited,
Compliance Department,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051,
Maharashtra, India

BSE Limited,
Compliance Department,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001,
Maharashtra, India

Dear Sir/Madam,

Subject : *Disclosure on impact of COVID- 19 pandemic on the Business and Operations of Healthcare Global Enterprises Limited (“the Company”)*

Stock Code : *BSE – 539787, NSE – HCG*

Reference : *Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI circular No. SEBI/HO/CFD/CMDI/CIR/P/2020/84 dated 20th May 2020, please find below the impact of COVID-19 on the business and operations of the Company.

(i) Impact of the COVID-19 pandemic on the business:

In the financial year 2019-20 the world faced a grave challenge in the form of Covid-19 pandemic impacting business and society at large. Several countries including India implemented partial to complete lock-down of all forms of activities for different periods. The lockdown was first announced in India from 25th March 2020, but disruptions in operations of the Company were experienced from around middle of March 2020 onwards. Though the impact on number of patients, procedures and occupancy levels and the resultant impact on revenues of the Company varies across different hospital units, on a consolidated basis, the Company witnessed catastrophic challenges in our business and operations across our oncology, multi-specialty and fertility, in varying proportions, on account of the following:

- a) Delay, postponement and/or cancellation of oncology, multi-specialty and fertility procedures;
- b) Reduction in footfalls of patients in Outpatients Department (OPD) impacting consultations as well as procedures and future pipeline;
- c) Inter-state and intra-state travel restrictions impacting access to patients, medical, administrative and corporate workforce;
- d) Complete shutdown of international travel resulting in zero footfalls and cancellation of planned treatments of international patients;



- e) Reduction in revenues due to inability to supply Fleuro deoxy glucose (FDG) to Positron emitting Tomography (PET) operating centers, both captive as well as external;
 - f) Reduction in medical oncology revenue and related pharmaceutical drugs and consumables in line with reduced procedures;
 - g) Postponement of planned CAPEX, except for Gurgaon project which is nearing completion; and
 - h) Incurring of additional capital and operating expenses towards PPE kits, travel and transport, sanitization, infra-red scanners etc. related to COVID-19.
- (ii) **Ability to maintain operations including the unit's/entities/ office spaces functioning and closed down:**
- a) Considering the Company's activities are covered under the category of 'Essential Services', none of our facilities were closed-down during the lock down phase.
 - b) 80%+ of our revenues are generated from Oncology procedures which are non-elective and remain critical for patients to maintain continuity as per scheduled treatment plan.
 - c) None of our cancer centers are treating COVID patients nor any of the oncology infrastructure is being operated to cater to COVID patients due to the risk it poses for cancer patients who have low immunity levels.
 - d) As part of business continuity planning, all due precautions for safety at the centers have been adopted and protocols have been established and implemented, which include among others, compulsory wearing of masks for everyone entering our facilities, mandatory temperature screening for all staff and visitors, social distancing measures and usage of hand sanitizers etc.
- (iii) **Schedule, if any, for restarting the operations:**
- a) All our centers were operational during this phase but witnessed significant reduction in level of activities. Our Services were functional, with limited Day-care, Inpatient and Outpatient services.
- (iv) **Steps taken to ensure smooth functioning of operations**
- a) In this challenging environment, the company has implemented initiatives across its Pan India operations, including centers in Gujarat and Maharashtra, which have seen impact on Revenues in severe proportions, to manage the situation in a proactive and responsible manner;



- b) Consultations were migrated to online consultations through audio and video platforms via purpose-built applications from HCG's prevailing IT infrastructure;
- c) Focused efforts on:
 - (i) building confidence among local communities regarding steps taken to ensure patient safety;
 - (ii) usage of digital communication channels for streamlining patient journey and to ensure a contact-less experience; and
 - (iii) arranging logistics including pick-up and drop services for many patients to ensure safety and care to the cancer patient.
- d) Management has encouraged employees to work-from-home and frequent use of video conferencing tools, adoption of best practices and formulation of guidelines through virtual meetings to reduce contamination risk yet maintaining enhanced level of services.

(v) Estimation of the future impact of CoVID-19 on its operations

The situation remains uncertain and unpredictable with total lack of visibility currently. The Company is continuously monitoring the present circumstances and taking adequate initiatives to address the situation and will continuously calibrate our responses to the COVID-19 situation as it evolves. The patient numbers, procedures and occupancies across our hospitals network have witnessed some improvements post easing of lockdown related restrictions. However, there are concerns regarding how the post lock-down scenario will pan out as any further large community spread may lead to further periods of lockdowns and negatively impact our business. In addition to the challenges in operations, there is no clarity on how domestic business will recover and international (medical travel) business will restart and these could severely impact our profitability and margins in the current period.

(vi) Details of impact of COVID-19 on listed entity's capital and financial resources, profitability, liquidity position, ability to service debt and other financing arrangements, internal financial controls, supply chain, demand of its product and services;

- a) The present situation has affected the financials of the Company, with consolidated revenues for the month of April 2020 registering approximately 55% of our pre-Covid average monthly revenue.
- b) With a view to preserve cash, the Company has availed of moratorium facility offered by the Banks till August and deferment of certain statutory payments at a lower interest cost without causing it to be non-compliant.
- c) The Company has adopted cost/cash rationalization measures organization-wide with support of its employees, consulting doctors and other service providers with focus on maintaining monthly operational cash break-even and continuing to provide high quality care to patients without any compromise whatsoever.



- d) To mitigate the impact of COVID-19 on our business, Company has taken the utmost austerity measures towards monitoring capex and operating costs judiciously.
 - e) The Company has initiated efforts to negotiate better terms with vendors and landlords, with minimal success so far.
 - f) The Company also pursued collection of various Income-tax claims and realized payments to some extent so far.
 - g) The Company has been taking efforts to collect receivables which are exceeding payment due dates from select government agencies like ESI, PMJAY scheme etc.
 - h) The Company has embarked upon a host of cost-control measures including graded salary reductions in compensation of our staff including doctors and management to minimize overhead costs.
 - i) The company does not anticipate incremental risk to recoverability of assets (inventories, receivables, etc) or any major supply chain disruption. There is also no impact on internal financial controls due to the Covid-19 situation.
- (vii) **Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business;**

The Company is making efforts with third parties / vendors / landlords for re-negotiation/ waivers and or deferment of its payment obligations. These are not expected to have any negative impact on the business. Given the present challenges, the Company has been able to successfully manage its liquidity position through various measures like availing the moratorium on debt and operational cost-cutting initiatives, enabling it to meet its commitments as required.

- (viii) **Other relevant material updates about the listed entity's business: N.A.**

These unprecedented times that the Company is going through on account of the COVID pandemic, lockdowns, stoppage of international travel etc. has substantially disrupted our business. In current circumstances, without any stimulus or support package by the government directed towards the healthcare sector, which continues to be resilient and has risen to the occasion to meet patient needs, the measures taken by RBI (in form of moratorium) and support of all its employees continue to enable the Company to emerge from all such challenges.



Kindly take the intimation on record and acknowledge receipt of the same.

Thanking you,

For **HealthCare Global Enterprises Limited**

Sunu Manuel
Company Secretary & Compliance Officer