

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Narayana Vaishno Devi Specialty Hospitals Private Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of **Narayana Vaishno Devi Specialty Hospitals Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

##### Emphasis of Matter

We draw attention to Note 34 of the Financial Statements which describes the management's assessment of the circumstances arising due to COVID 19, the uncertainties associated with its nature and duration and the consequential impact of the same on the financial statements of the Company. The Company as of the reporting date does not expect any long-term adverse impact of COVID-19 on its ability to recover the carrying value of its current assets and non-current assets including trade receivables and property, plant and equipment. However, a definitive assessment of the impact is highly dependent upon circumstances as they evolve in future and the actual results may differ from those estimated as at the date of approval of these financial statements.

Our Opinion is not modified in respect of this matter.

##### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit work and in evaluating the results of our work; and (ii) To evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Other Matter

Due to the COVID-19 pandemic related lock-down, we were not able to physically participate in the physical verification of Inventory that was carried out by the management close to the year end. Consequently, we have performed alternative procedures, including observing the verification conducted by the management over electronic medium to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence — Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on the financial statements.

Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.



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- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any managerial remuneration during the year ended March 31, 2021 and hence reporting under Section 197 of the Act is not applicable.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W100018)



**Monisha Parikh**  
Partner  
(Membership No.47840)  
UDIN : 21047840AAAACH4313

Place : Ahmedabad  
Date : May 31, 2021



# Deloitte Haskins & Sells LLP

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Narayana Vaishno Devi Specialty Hospitals Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of

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unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W100018)



**Monisha Parikh**  
Partner  
(Membership No.47840)  
UDIN : 21047840AAAACH4313

Place : Ahmedabad  
Date : May 31, 2021

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## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 and hence reporting under Clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Service Tax, and Value Added Tax as on March 31, 2021 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

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- (ix) In our opinion and according to the information and explanation given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid any managerial remuneration during the year ended March 31, 2021 and hence reporting under clause (xi) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) The Company is a private company and hence the provisions of section 177 is not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Companies Act, 2013, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W100018)



**Monisha Parikh**  
Partner  
(Membership No.47840)  
UDIN : 21047840AAAACH4313

Place : Ahmedabad  
Date : May 31, 2021

**Narayana Vaishno Devi Specialty Hospitals Private Limited**  
**Balance sheet**

(₹ in lakhs)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4	31.24	38.61
Intangible Assets	4	-	0.01
Financial Assets			
(i) Loans	5	2.55	2.55
(ii) Other financial assets	6 (n)	1.00	3.03
Income tax assets (net)	7	169.82	214.81
Other non-current Assets	8 (a)	5.31	-
<b>Total Non-Current Assets</b>		<b>209.92</b>	<b>259.01</b>
<b>Current Assets</b>			
Inventories	9	187.53	213.23
Financial Assets			
(i) Trade Receivables	10	815.73	1,005.08
(ii) Cash and Cash Equivalents	11 (a)	222.12	78.69
(iii) Bank balances other than (ii) above	11 (b)	2.50	2.25
(iv) Other financial assets	6 (b)	58.75	239.53
Other Current Assets	8 (b)	89.55	81.84
<b>Total current Assets</b>		<b>1,376.18</b>	<b>1,620.62</b>
<b>TOTAL ASSETS</b>		<b>1,586.10</b>	<b>1,879.63</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	12	100.00	100.00
Other Equity	13	(200.74)	(200.95)
<b>Total Equity</b>		<b>(100.74)</b>	<b>(100.95)</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other non-current liabilities	14 (a)	28.27	31.73
Provisions	15 (a)	41.21	19.63
<b>Total Non-Current Liabilities</b>		<b>69.48</b>	<b>51.36</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Trade Payables	16		
Total outstanding dues of micro enterprises and small enterprises		0.16	47.68
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,518.01	1,504.23
Other current liabilities	14 (b)	45.89	325.49
Provisions	15 (b)	53.30	51.82
<b>Total Current Liabilities</b>		<b>1,617.36</b>	<b>1,929.22</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,586.10</b>	<b>1,879.63</b>
Significant accounting Policies	3		

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**  
Chartered Accountants

*Monisha Parikh*

**Monisha Parikh**  
Partner

Place: Ahmedabad  
Date: May 31, 2021

for and on behalf of the Board of Directors of  
**Narayana Vaishno Devi Specialty Hospitals Private Limited**

*Dr. Emmanuel Rupert*

**Dr. Emmanuel Rupert**  
Director  
DIN: 07010883

Place: Bengaluru  
Date: May 31, 2021

*Viren Prasad Shetty*

**Viren Prasad Shetty**  
Director  
DIN: 02144586

Place: Bengaluru  
Date: May 31, 2021





**Narayana Vaishno Devi Specialty Hospitals Private Limited**  
**Statement of profit and loss**

(₹ in lakhs)

Particulars	Note No	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>INCOME</b>			
Revenue from Operations	17	7,366.37	7,740.32
Other income	18	55.98	10.79
<b>Total Income (A)</b>		<b>7,422.35</b>	<b>7,751.11</b>
<b>EXPENSES</b>			
Purchase of medical consumables, drugs and surgical instruments		2,295.85	2,065.94
Changes in inventories of medical consumables, drugs and surgical instruments-(Increase)/ Decrease	19	25.70	96.33
Employee benefit expenses	20	1,486.27	1,540.18
Professional fees paid to doctors		1,608.70	1,984.39
Other expenses	21	1,968.49	2,097.70
<b>Expense before Finance cost and depreciation and amortization and exceptional items (B)</b>		<b>7,385.01</b>	<b>7,784.54</b>
<b>Profit / (loss) before depreciation and amortization and exceptional items (C) = (A-B)</b>		<b>37.34</b>	<b>(33.43)</b>
Finance costs (D)	32	-	0.68
Depreciation and amortisation expense (E)	22	7.38	16.16
<b>Total expenses (F) = (B+D+E)</b>		<b>7,392.39</b>	<b>7,801.38</b>
<b>Profit / (loss) before tax (G) = (A-F)</b>		<b>29.96</b>	<b>(50.27)</b>
<b>Tax expenses:</b>	26		
Current Tax		7.34	2.97
Deferred tax (credit) / charge		-	-
<b>Total tax expense (H)</b>		<b>7.34</b>	<b>2.97</b>
<b>Profit / (loss) for the year (I) = (G-H)</b>		<b>22.62</b>	<b>(53.24)</b>
<b>Other Comprehensive income (OCI)</b>			
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>			
Re-measurement of defined benefit plans		(22.41)	(8.80)
<b>Other comprehensive income / (loss) for the year (J)</b>		<b>(22.41)</b>	<b>(8.80)</b>
<b>Total Comprehensive income / (loss) for the year (K) = (I+J)</b>		<b>0.21</b>	<b>(62.04)</b>
<b>Earnings / (loss) per share</b>	28		
Basic (₹)		2.26	(5.32)
Diluted (₹)		2.26	(5.32)
<b>Significant accounting Policies</b>	3		

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**  
Chartered Accountants

*Monisha Parikh*

**Monisha Parikh**  
Partner

Place: Ahmedabad  
Date: May 31, 2021

for and on behalf of the Board of Directors of  
**Narayana Vaishno Devi Specialty Hospitals Private Limited**

*Dr. Emmanuel Rupert*

**Dr. Emmanuel Rupert**  
Director  
DIN: 07010883

Place: Bengaluru  
Date: May 31, 2021

*Viren Prasad Shetty*

**Viren Prasad Shetty**  
Director  
DIN: 02144586

Place: Bengaluru  
Date: May 31, 2021





**Narayana Vaishno Devi Specialty Hospitals Private Limited**  
**Statement of changes in equity for the year ended March 31, 2021**

**(a) Equity share capital**

(₹ in lakhs, except no of shares)

Particulars	No. of Shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
Balance as at April 1, 2019	1,000,000	100.00
Changes in equity share capital during 2019-20 (refer note 12)	-	-
Balance as at March 31, 2020	1,000,000	100.00
Changes in equity share capital during 2020-21 (refer note 12)	-	-
Balance as at March 31, 2021	1,000,000	100.00

**(b) Other Equity**

(₹ in lakhs)

Particulars	Reserves & Surplus	Items of OCI	Total other equity
	Retained earnings	Remeasurements of the net defined benefit Plans	
Balance as at April 1, 2019	(137.47)	(1.44)	(138.91)
Profit / (loss) for the year	(53.24)	-	(53.24)
Other comprehensive income / (loss) for the year	-	(8.80)	(8.80)
Total comprehensive income/(loss) for the year	(53.24)	(8.80)	(62.04)
Balance as at March 31, 2020	(190.71)	(10.24)	(200.95)
Profit / (loss) for the year	22.62	-	22.62
Other comprehensive income / (loss) for the year	-	(22.41)	(22.41)
Total comprehensive income/(loss) for the year	22.62	(22.41)	0.21
Balance as at March 31, 2021	(168.09)	(32.65)	(200.74)

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP  
Chartered Accountants



**Monisha Parikh**  
Partner

Place: Ahmedabad  
Date: May 31, 2021

for and on behalf of the Board of Directors of  
**Narayana Vaishno Devi Specialty Hospitals Private Limited**



**Dr. Emmanuel Rupert**  
Director  
DIN: 07010883

Place: Bengaluru  
Date: May 31, 2021



**Viren Prasad Shetty**  
Director  
DIN: 02144586

Place: Bengaluru  
Date: May 31, 2021



**Narayana Vaishno Devi Specialty Hospitals Private Limited**  
Statement of Cash flows

	(₹ in lakhs)	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Cash flow from operating activities</b>		
Profit / (loss) after tax	22.62	(53.24)
<b>Adjustments:</b>		
Income tax expenses	7.34	2.97
Depreciation and amortisation expense	7.38	16.16
Provision for loss allowance	(7.56)	58.31
Provisions no longer required written back	(38.53)	-
Finance Costs	-	0.68
Interest on bank deposits	(0.47)	(1.88)
<b>Operating cash flow before working capital changes</b>	<b>(9.22)</b>	<b>23.00</b>
Changes in inventories	25.70	96.33
Changes in trade receivables	196.91	(436.20)
Changes in financial assets and other assets	169.79	(89.12)
Changes in trade payable and other liabilities	(278.27)	472.24
Changes in provision	0.65	7.94
<b>Cash generated from operations</b>	<b>105.56</b>	<b>74.19</b>
Income tax paid (net of refund)	37.65	(100.31)
<b>Net cash generated from/ (used in) operating activities (A)</b>	<b>143.21</b>	<b>(26.12)</b>
<b>Cash flow from investing activities</b>		
(Increase) / Decrease in bank deposits	(0.25)	0.75
Interest received on bank deposits	0.47	1.88
<b>Net cash generated from investing activities (B)</b>	<b>0.22</b>	<b>2.63</b>
<b>Net cash generated from financing activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>143.43</b>	<b>(23.49)</b>
Cash and cash equivalents at the beginning of the year	78.69	102.18
<b>Cash and cash equivalents at the end of the year (refer note 11)</b>	<b>222.12</b>	<b>78.69</b>

**Significant accounting Policies**

3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached  
for **Deloitte Haskins & Sells LLP**  
Chartered Accountants

for and on behalf of the Board of Directors of  
**Narayana Vaishno Devi Specialty Hospitals Private Limited**



**Monisha Parikh**  
Partner



**Dr. Emmanuel Rupert**  
Director  
DIN: 07010883



**Viren Prasad Shetty**  
Director  
DIN: 02144586

Place: Ahmedabad  
Date: May 31, 2021

Place: Bengaluru  
Date: May 31, 2021

Place: Bengaluru  
Date: May 31, 2021



# Narayana Vaishno Devi Specialty Hospitals Private Limited

## Notes to the financial statements for the year ended March 31, 2021

### 1. Company overview

Narayana Vaishno Devi Specialty Hospitals Private Limited ('the Company') was incorporated on September 5, 2014 under the provisions of the Companies Act, 2013. The Company is a wholly owned subsidiary of Narayana Hrudayalaya Limited. The Company is engaged in establishing, promoting, owning, letting, managing and maintaining hospitals, clinics, health centers, nursing home in all discipline of medicine and without limitation to run and administer healthcare schemes.

### 2. Basis of preparation of the financial statements

#### 2.1. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions and amendment rules issued thereafter.

The financial statements were authorized for issue by the Company's Board of Directors on May 31, 2021.

Details of the Company's accounting policies are included in Note 3.

#### 2.2 Going concern

Whilst the current liabilities of the Company exceed its current assets as of March 31, 2021, the financial statements have been drawn upon a going concern basis in view of the support letter received from Narayana Hrudayalaya Limited, the Holding Company confirming their continued financial support to the Company to enable it to continue its operations and settle its obligations as and when they become due over the next twelve-month period.

#### 2.3. Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts are presented in ' in lakhs, except share data and per share data unless otherwise stated.

#### 2.4. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Defined benefit liability	Present value of defined benefit obligations

#### 2.5. Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.





**Notes to the financial statements for the year ended March 31, 2021**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Judgments**

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

Note 33 - Financial instruments

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

Note 26 – Deferred tax asset/(liability)

Note 31 - measurement of defined benefit obligation; key actuarial assumptions

Note 4 - useful life of property, plant and equipment

Note 5,6,9,10 and 33 - recognition of impairment of financial assets

**2.6. Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company 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 measuring fair values is included in the following notes:

Note 33 – financial instruments

**3. Significant accounting policies**

**3.1. Financial instruments**

**a. Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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**Notes to the financial statements for the year ended March 31, 2021**

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**b. Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets: Business model assessment**

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest.**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows.
- terms that may adjust the contractual coupon rate, including variable interest rate features.
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

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Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the balance sheet date, the carrying value approximates fair value due to short maturity.

### **c. Derecognition**

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

### **d. Offsetting**

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.





### **3.2. Inventories**

The inventories of medical consumables, drugs and surgical instruments are valued at lower of cost or net realizable value. In the absence of any further estimated costs of completion and estimated costs necessary to make the sale, the net realizable value is the selling price. The comparison of cost and net realizable is made on an item-by-item basis. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for value added tax wherever applicable, applying the first in first out method.

### **3.3. Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less which are subject to insignificant risk of changes in value.

### **3.4. Cash flow statement**

Cash flows are reported using the indirect method, whereby net 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. The cash flows from operating, investing, and financing activities of the Company are segregated.

### **3.5. Revenue recognition**

#### **Revenue from operations**

The Company recognizes revenue from medical and healthcare services to patients, on sale of medical consumables and drugs within the hospital premises and on providing services towards patient amenities.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized upon transfer of control of promised products or services to customers/patients in an amount that reflects the consideration we expect to receive in exchange for those products or services. Sales and Service Income exclude Goods and Service Tax (GST) and are net of trade / volume discounts, where applicable

The Company has entered into operating and management agreements with a, under which, the Company has a right over the management, operation and utilization of hospital facilities owned by the trust. Further, as per the agreement, for the initial years, the actual loss incurred by the Company will be funded till the amount determined by the trust. This funding of loss has been recognized as "other operating revenue".

'Unbilled revenue' represents value to the extent of medical and healthcare services rendered to the patients who are undergoing treatment/ observation on the balance sheet date and is not billed as at the balance sheet date. 'Unearned revenue' comprises billings in the excess of earnings.

#### **Interest**

For all debt instruments measured either at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.



### **3.6. Property, Plant and Equipment**

#### **Recognition and measurement**

Property, plant, and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation, and impairment losses, if any. The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Cost includes expenditures directly attributable to the acquisition of the asset.

#### **Depreciation and amortization**

The Company depreciates property, plant, and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

<b>Block of assets</b>	<b>Useful life</b>
Electrical installation	10 years
Medical equipment	13 years
Office equipment	5 years
Other equipment including air conditioners	15 years
Furniture and fixtures	10 years
Computers	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted appropriately.

The Company believes that the useful life as given above best represent the useful life of the assets based on the internal technical assessment and these useful life are as prescribed under Part C of Schedule II of the Companies Act, 2013.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognized as capital advance and the cost of property, plant, and equipment not ready for intended use before such date are disclosed under capital work- in-progress.

### **3.7. Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

#### **Amortisation method**

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.





**Notes to the financial statements for the year ended March 31, 2021**

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	3 years

Amortisation method

Useful life and residual values are reviewed at the end of each financial year.

**3.8. Employee benefits**

**Short term employee benefits**

Employee benefits payable wholly within twelve months of receiving services are classified as short-term employee benefits. These benefits include salary and wages, bonus, and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by the employees.

**Post-employment benefits**

**Defined contribution plans**

A defined contribution plan is post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Company makes specified obligations towards employee provident fund and employee state insurance to Government administered provident fund scheme and ESI scheme which is a defined contribution plan. The Company's contributions are recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

**Defined benefit plans**

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned and returned for services in the current and prior periods; that benefit is discounted to determine its present value. The calculation of Company's obligation under the plan is performed periodically by an independent actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense on the net defined liability for the period by applying the discount rate used to measure the net defined obligation at the beginning of the annual period to the then-net defined benefit liability. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss. The Company recognizes gains and losses in the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss.

**Compensated absences**

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the employee has unconditional right to avail the leave, the benefit is classified as a short-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.



**3.9. Earnings/ (loss) per share**

The basic earnings/ (loss) per share is computed by dividing the net profit/ (loss) attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

The Company does not have potential dilutive equity shares outstanding during the year.

**3.10. Impairment**

**a. Impairment of financial instruments**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortized cost.

At each reporting date, the Company assesses whether financial assets carried at amortized cost. 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;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise.
- 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 Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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 Company 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 Company 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 Company's historical experience and informed credit assessment and including forward-looking information.

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**Notes to the financial statements for the year ended March 31, 2021**

**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 Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet.

Loss allowances for financial assets measured at amortized 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 Company determines that the trade receivable 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 Company's procedures for recovery of amounts due.

**b. Impairment of non-financial assets**

The Company's non-financial assets and inventories 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).

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.

**3.11. Provisions and contingencies**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.



**Notes to the financial statements for the year ended March 31, 2021**

**3.12. Other income**

Reimbursement of expenses incurred is recognised on accrual basis as 'other income'.

**3.13. Income tax**

The Income-tax expense comprises current tax and deferred tax. It is recognized in profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

**Deferred tax**

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

**3.14. Leases**

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

Lease payments under operating leases are generally recognised as an expense in the statement of profit and loss on a straight-line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

**3.15. Measurement of Earnings before interest, tax, depreciation and amortization (EBITDA)**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (which is applicable even in the context of Schedule III to the Companies Act, 2013) the Company has elected to present earnings before interest, tax, depreciation, and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement of EBITDA, the Company includes other income but does not include depreciation and amortization expense, finance costs and tax expenses.





### **3.16. Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### **3.17 Recent pronouncements:**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### **Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

• If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

• Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### **Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.



Narayana Vaishno Devi Specialty Hospitals Private Limited  
Notes to the financial statements for the year ended March 31, 2021 (continued)

4 (i) Property, Plant and Equipment and intangible assets

Particulars	Gross block				Accumulated depreciation/amortisation				Net block	
	As at April 1, 2020	Additions	Deletions	As at March 31, 2021	As at April 1, 2020	Depreciation/Amortisation	Deletions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
<b>Tangible assets*</b>										
Electrical installations	4.86	-	-	4.86	1.09	0.59	-	1.68	3.18	3.77
Office equipments	0.75	-	-	0.75	0.46	0.15	-	0.61	0.14	0.29
Medical equipment	8.85	-	-	8.85	1.65	0.68	-	2.33	6.52	7.20
Other equipments including air conditioners	15.94	-	-	15.94	2.59	1.05	-	3.64	12.30	13.35
Furniture and fixtures	18.73	-	-	18.73	8.25	1.38	-	9.63	9.10	10.48
Computers	37.02	-	-	37.02	33.50	3.52	-	37.02	-	3.52
<b>Total tangible (A)</b>	<b>86.15</b>	<b>-</b>	<b>-</b>	<b>86.15</b>	<b>47.54</b>	<b>7.37</b>	<b>-</b>	<b>54.91</b>	<b>31.24</b>	<b>38.61</b>
<b>Intangible assets*</b>										
Computer software	0.23	-	-	0.23	0.22	0.01	-	0.23	-	0.01
<b>Total intangible assets (B)</b>	<b>0.23</b>	<b>-</b>	<b>-</b>	<b>0.23</b>	<b>0.22</b>	<b>0.01</b>	<b>-</b>	<b>0.23</b>	<b>-</b>	<b>0.01</b>
<b>Grand Total (A+B)</b>	<b>86.38</b>	<b>-</b>	<b>-</b>	<b>86.38</b>	<b>47.76</b>	<b>7.38</b>	<b>-</b>	<b>55.14</b>	<b>31.24</b>	<b>38.62</b>

\* The assets are owned under an arrangement between Narayana Vaishno Devi Specialty Hospitals Private Limited with Shri Mata Vaishno Devi Shrine Board

4 (ii) Property, Plant and Equipment and intangible assets

Particulars	Gross block				Accumulated depreciation/amortisation				Net block	
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	Depreciation/Amortisation	Deletions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
<b>Tangible assets*</b>										
Electrical installations	4.86	-	-	4.86	0.69	0.40	-	1.09	3.77	4.17
Office equipments	0.75	-	-	0.75	0.31	0.15	-	0.46	0.29	0.44
Medical equipment	8.85	-	-	8.85	0.97	0.68	-	1.65	7.20	7.88
Other equipments including air conditioners	15.94	-	-	15.94	1.52	1.07	-	2.59	13.35	14.42
Furniture and fixtures	18.73	-	-	18.73	6.81	1.44	-	8.25	10.48	11.92
Computers	37.02	-	-	37.02	21.16	12.34	-	33.50	3.52	15.86
<b>Total (A)</b>	<b>86.15</b>	<b>-</b>	<b>-</b>	<b>86.15</b>	<b>31.46</b>	<b>16.08</b>	<b>-</b>	<b>47.54</b>	<b>38.61</b>	<b>54.69</b>
<b>Intangible assets*</b>										
Computer software	0.23	-	-	0.23	0.14	0.08	-	0.22	0.01	0.09
<b>Total (B)</b>	<b>0.23</b>	<b>-</b>	<b>-</b>	<b>0.23</b>	<b>0.14</b>	<b>0.08</b>	<b>-</b>	<b>0.22</b>	<b>0.01</b>	<b>0.09</b>
<b>Grand Total (A+B)</b>	<b>86.38</b>	<b>-</b>	<b>-</b>	<b>86.38</b>	<b>31.60</b>	<b>16.16</b>	<b>-</b>	<b>47.76</b>	<b>38.62</b>	<b>54.78</b>

\* The assets are owned under an arrangement between Narayana Vaishno Devi Specialty Hospitals Private Limited with Shri Mata Vaishno Devi Shrine Board



**Narayana Vaishno Devi Specialty Hospitals Private Limited**  
**Notes to the financial statements for the year ended March 31, 2021 (continued)**

5 Loans		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(Unsecured, considered good unless otherwise stated)			
<i>Non-current</i>			
<i>To parties other than related parties</i>			
Security deposits	2.55	2.55	
	2.55	2.55	
6 Other financial assets		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
<i>(a) Non-current</i>			
<i>To parties other than related parties</i>			
Bank deposits (due to mature after 12 months from the reporting date)	1.00	3.03	
	1.00	3.03	
<i>(b) Current</i>			
<i>To parties other than related parties</i>			
Interest accrued on fixed deposits	-	0.06	
Unbilled revenue	52.92	14.26	
Receivable from Shrine Board	5.83	225.21	
	58.75	239.53	
7 Income tax assets (net)		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
Tax deducted at source	169.82	214.81	
	169.82	214.81	
8 Other assets		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
<i>(a) Non Current</i>			
<i>To parties other than related parties</i>			
Prepaid expenses	5.31	-	
	5.31	-	
<i>(b) Current</i>			
<i>To parties other than related parties</i>			
Prepaid expenses	56.89	57.33	
Advance to vendors	32.66	24.51	
	89.55	81.84	
9 Inventories		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
<i>(Valued at lower of cost and net realisable value)</i>			
Medical consumables, drugs and surgical instruments	202.30	241.00	
Less: Provision for slow and non-moving	(14.77)	(27.77)	
	187.53	213.23	
10 Trade receivables		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
Unsecured, considered good	815.73	1,005.08	
Unsecured, considered doubtful	85.87	93.43	
	901.60	1,098.51	
<b>Loss allowance</b>			
Unsecured, considered doubtful	(85.87)	(93.43)	
	(85.87)	(93.43)	
<b>Net trade receivables</b>	<b>815.73</b>	<b>1,005.08</b>	

The Company's exposure to credit and currency risks and loss allowances are disclosed in note 33

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every year end, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.





Category	Ageing		
	Within due date	Due date to 1 Year	More than 1 Year
ESI/CGHS/SCHEMES	3.81%	14.94%	33.06%
Others	0.75%	13.82%	44.81%

#### 11 Cash and bank balances

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(a) Cash and Cash Equivalents</b>		
Cash on hand	1.10	3.12
Balance with banks		
-In current accounts	221.02	75.57
	222.12	78.69
<b>(b) Bank balances other than above</b>		
-In deposit accounts (due to mature within 12 months of the reporting date)*	2.50	2.25
	2.50	2.25

\*The above deposits are restrictive as it relates to deposits against guarantees

For the purpose of the statement of cash flows, cash and cash equivalent comprise the followings:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	1.10	3.12
Balance with banks		
-In current accounts	221.02	75.57
Cash and cash equivalents in the statement of cash flows	222.12	78.69

#### 12 Equity share capital

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorised</b>		
30,00,000 equity shares (previous year: 30,00,000 equity shares) of ₹ 10 each	300.00	300.00
<b>Issued, subscribed and paid up</b>		
10,00,000 equity shares (previous year: 10,00,000 equity shares) of ₹ 10 each	100.00	100.00
	100.00	100.00

#### (i) Reconciliation of equity shares outstanding at the beginning and at the end of the year

(₹ in lakhs except for number of shares)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	1,000,000	100.00	1,000,000	100.00
Issued during the year	-	-	-	-
At the end of the year	1,000,000	100.00	1,000,000	100.00

#### (ii) Rights, preference and restriction attached to equity shares

The Company has a single class of equity shares referred to as equity shares having a nominal value of ₹ 10 each. Accordingly, all equity shares rank equally with regard to dividend and share in the Company's residual assets. Each holder of equity shares is entitled to one vote per share. The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 shareholders.

#### (iii) Shares held by Holding Company

(₹ in lakhs except for number of shares)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Narayana Hrudayalaya Limited	999,795	99.98	999,795	99.98

#### (iv) Particulars of shareholders holding more than 5% shares:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares*	% holding	Number of shares*	% holding
Narayana Hrudayalaya Limited	999,795	99.98%	999,795	99.98%

The Company has not bought back any shares during the period from the date of incorporation i.e. September 5, 2014 to March 31, 2021. Further, the Company has not issued any bonus shares or shares issued for consideration other than cash during the period from the date of incorporation September 5, 2014 to March 31, 2021.

\* Note: Number of shares excludes 205 shares held by registered shareholders holding on behalf of beneficial shareholder i.e. Narayana Hrudayalaya Limited.



**Narayana Vaishno Devi Specialty Hospitals Private Limited**  
**Notes to the financial statements for the year ended March 31, 2021 (continued)**

		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
<b>13 Other Equity</b>			
<b>(i) Reserves and surplus</b>			
Retained earnings			
At the commencement of the year	(190.71)	(137.47)	
Add: Net profit / (loss) after tax transferred from statement of profit and loss	22.62	(53.24)	
At the end of the year	(168.09)	(190.71)	
<b>(ii) Other Comprehensive Income</b>			
At the commencement of the year	(10.24)	(1.44)	
Add: Addition during the year	(22.41)	(8.80)	
At the end of the year	(32.65)	(10.24)	
	(200.74)	(200.95)	

**Retained earnings**

Retained earnings represents undistributed earning / (losses).

**Other Comprehensive Income**

Other Comprehensive Income represents actuarial gain or loss or re-measurement of defined benefits obligation.

		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
<b>14 Other liabilities</b>			
<b>(a) Non-current</b>			
<i>To parties other than related parties</i>			
Deferred liability for assets funding	28.27	31.73	
	28.27	31.73	
<b>(b) Current</b>			
<i>To parties other than related parties</i>			
Deferred liability for assets funding	3.79	7.41	
Contract Liabilities	0.42	18.83	
Unearned Revenue	0.35	2.46	
Balances due to government/statutory authorities	41.33	46.79	
Other liabilities	-	250.00	
	45.89	325.49	

		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
<b>15 Provisions (refer note 31)</b>			
<b>(a) Non-current</b>			
Provision for employee benefits			
Gratuity	41.21	19.63	
	41.21	19.63	
<b>(b) Current</b>			
Provision for employee benefits			
Gratuity	9.63	2.83	
Compensated absences	43.67	48.99	
	53.30	51.82	

		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
<b>16 Trade payables</b>			
Total outstanding dues of micro enterprises and small enterprises (refer note 32)	0.16	47.68	
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,518.01	1,504.23	
	1,518.17	1,551.91	

Note: payables to related parties [refer note 27 (c)]

The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 33



**Narayana Vaishno Devi Specialty Hospitals Private Limited**  
**Notes to the financial statements for the year ended March 31, 2021 (continued)**

17 Revenue from operations		(₹ in lakhs)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from medical and healthcare services	6,128.94	6,604.28
Sale of medical consumables and drugs	212.23	368.78
Other operating revenue:		
Viability gap funding income (refer note 30)	1,025.20	767.26
	<b>7,366.37</b>	<b>7,740.32</b>

(i) Category of Customer		
Cash	3,192.51	3,899.90
Credit	4,173.86	3,840.42
<b>Total</b>	<b>7,366.37</b>	<b>7,740.32</b>

(ii) Nature of treatment		
In-patient	4,994.60	4,921.44
Out-patient	1,134.34	1,682.84
Sale of medical consumables and drugs	212.23	368.78
Others	1,025.20	767.26
<b>Total</b>	<b>7,366.37</b>	<b>7,740.32</b>

(iii) The revenue from rendering Medical and Healthcare services and Pharmaceutical products satisfies 'at a point in time' recognition criteria as prescribed by Ind AS 115

(iv) Revenue from sale of medical and healthcare services is net of rebates / incentives/ discounts for the year ended March 31, 2021 amounting to ₹ 458.14 lakhs (March 31, 2020: ₹ 587.42 lakhs)

(v) Transaction price allocated to the remaining performance obligations		(₹ in lakhs)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contract Liabilities	0.42	18.83
	<b>0.42</b>	<b>18.83</b>

(vi) Use of Practical expedients

**Transaction price allocated to the remaining performance obligations**

The Company has applied the practical expedient with respect to non disclosure of information in respect of remaining performance obligations considering the fact that the company's performance obligations, i.e. the treatment in case of healthcare segment has an original expected duration of one year or less.

18 Other income		(₹ in lakhs)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income on		
- Bank deposits	0.47	1.88
- Income Tax Refund	13.00	4.74
Provisions no longer required written back	38.53	-
Miscellaneous income	3.98	4.17
	<b>55.98</b>	<b>10.79</b>

19 Changes in inventories of medical consumables, drugs and surgical instruments - increase/(decrease)		(₹ in lakhs)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	213.23	309.56
Inventory at the end of the year	187.53	213.23
	<b>25.70</b>	<b>96.33</b>





Narayana Vaishno Devi Specialty Hospitals Private Limited  
Notes to the financial statements for the year ended March 31, 2021 (continued)

20 Employee benefits expense		(₹ in lakhs)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	1,324.22	1,429.06
Gratuity expenses	6.73	5.17
Contribution to provident and other funds (refer note 31)	99.08	87.99
Staff welfare expenses	56.24	17.96
	<b>1,486.27</b>	<b>1,540.18</b>

21 Other expenses		(₹ in lakhs)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Hospital operating expenses</b>		
Power and fuel	341.97	386.62
Hospital general expenses	72.29	68.49
House keeping expenses	310.60	306.55
Patient welfare expenses	107.06	112.69
Rent (refer note 25)	61.38	77.68
Biomedical wastage expenses	20.88	18.15
Medical gas charges	45.66	6.31
Repairs and maintenance		
- Hospital equipments	270.41	287.66
- Buildings	10.89	13.02
- Others	271.48	230.72
	<b>1,512.62</b>	<b>1,507.89</b>
<b>Administrative expenses</b>		
Travelling and conveyance	27.60	92.21
Printing and stationery	49.33	61.91
Advertisement and publicity	31.30	54.39
Rent (refer note 25)	40.29	11.61
Legal and professional fees (Refer note (i) below)	33.75	20.25
Security charges	109.45	126.29
Telephone and communication	31.93	33.29
Bank charges	16.26	19.57
Insurance	47.85	47.30
Rates and taxes	7.53	3.64
Business promotion	1.63	34.57
Provision for loss allowance	(7.56)	58.31
Bad receivables written off	23.35	-
Miscellaneous expenses	43.16	26.47
	<b>455.87</b>	<b>589.81</b>
	<b>1,968.49</b>	<b>2,097.70</b>

(i) Payment to auditors*		(₹ in lakhs)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As an auditor		
Audit fee	1.00	1.00
	<b>1.00</b>	<b>1.00</b>

\*excluding goods and service tax

22 Depreciation and amortisation expense		(₹ in lakhs)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment (refer note 4)	7.37	16.08
Amortisation of intangible assets (refer note 4)	0.01	0.08
	<b>7.38</b>	<b>16.16</b>



**23 Contingent liabilities and commitments**

**(i) Contingent liabilities**

The Company does not have any contingent liability as on March 31, 2021 (previous year - Nil).

**Commitments:**

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided amounts to ₹ Nil (previous year: ₹ Nil).

**24 Segment reporting**

**Operating Segments**

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis. The Company's sole operating segment is therefore 'Medical and Healthcare Services'. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

**Geographical information**

Geographical information analyses the Company's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customers and segment assets which have been based on the geographical location of the assets. Since the Company has only one geographical location, i.e. India, with respect to location of assets and location of customers, further details of geographical information is not applicable.

**25 Leases**

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is to be recognised in retained earnings at April 1, 2019. The Company has evaluated the effect of Ind AS 116 on the financial statements and concluded that there is no material impact on Statement of Profit and loss.

**(i) Amounts recognised in statement of profit and loss towards short term leases:**

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Cancellable	101.67	89.29
	101.67	89.29

**26 Income tax**

**(a) Amount recognised in statement of profit and loss**

Particulars	(₹ in lakhs)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax		
-Current year	7.34	2.97
Tax expense for the year	7.34	2.97

**Deferred tax assets/(liabilities)**

**(b) Deferred tax assets and liabilities are attributable to the following:**

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax asset</b>		
Provision for doubtful receivables	(1.85)	22.87
Provision for gratuity	12.60	5.65
Provision for compensated absences	10.86	12.16
Provision for slow & non moving inventory	(3.18)	6.80
Bonus payable	26.80	26.80
<b>Total deferred tax asset</b>	<b>45.23</b>	<b>74.28</b>
<b>Deferred tax liability</b>		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act, 2013	(1.00)	(1.10)
<b>Total deferred tax liability</b>	<b>(1.00)</b>	<b>(1.10)</b>
<b>Deferred tax asset (net)</b>	<b>44.23</b>	<b>73.18</b>

Deferred tax assets has not been recognised because it is not probable that future taxable profit will be available against which the Company can use the benefits thereon.



## 27 Related party disclosures

## (a) Details of related parties

Nature of relationship	Name of related parties
Enterprise having control over the Company	Narayana Hrudayalaya Limited
Key Management Personnel (KMP)	Dr. Emmanuel Rupert - Director Viren Prasad Shetty-Director Dr. Devi Prasad Shetty- Director
Key Management Personnel (KMP) of the Holding Company	Dr. Emmanuel Rupert-Managing Director of the Holding Company Sridhar S - Company Secretary of the Holding Company Kesavan Venugopalan- Chief Financial Officer of the Holding Company
Fellow Subsidiaries	Meridian Medical Research & Hospital Limited (MMRHL) Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHP) Narayana Institute for Advanced Research Private Limited (NIARPL) Narayana Cayman Holdings Ltd (NCHL) Health City Cayman Islands Ltd (HCCI) Narayana Hospitals Private Limited (NHPL) Narayana Health Institutions Private Limited (NHIPL) NH Health Bangladesh Private Limited (NHDPL) Narayana Holdings Private Limited (NHPL, Mauritius) Narayana Health North America LLC
Entity under control/ joint control of KMP/KMP of Holding company and their relatives	Narayana Hrudayalaya Foundation Amaryllis Healthcare Private Limited
Associate of Holding Company	Trimedx India Private Limited

## (b) Transactions with related party for the year ended March 31, 2021

Transactions	Enterprise having control over the Company	Fellow Subsidiaries	Associate of Holding company	Entity under control/ joint control of KMP and their relatives	Total
(₹ in lakhs)					
<b>Reimbursement of expenses</b>					
Narayana Hrudayalaya Limited	93.17 (74.13)	- (-)	- (-)	- (-)	93.17 (74.13)
<b>Sale of medical stores and Consumables/Lab Services</b>					
Narayana Hrudayalaya Limited	5.86 (2.71)	- (-)	- (-)	- (-)	5.86 (2.71)
Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHP)	- (-)	0.22 (-)	- (-)	- (-)	0.22 (-)
<b>Purchase of medical stores and Consumables/Lab Services</b>					
Narayana Hrudayalaya Limited	8.99 (-)	- (-)	- (-)	- (-)	8.99 (-)
Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHP)	- (-)	22.72 (2.60)	- (-)	- (-)	22.72 (2.60)
Meridian Medical Research & Hospital Limited (MMRHL)	- (-)	0.30 (-)	- (-)	- (-)	0.30 (-)
Amaryllis Healthcare Private Limited	- (-)	- (-)	- (-)	66.35 (12.99)	66.35 (12.99)
<b>Release of Corporate guarantee given by the holding company</b>					
Narayana Hrudayalaya Limited	250.00 (-)	- (-)	- (-)	- (-)	250.00 (-)

Figures in bracket are for the previous year

## (c) The balances receivable from and payable to related parties

Balances	Enterprise having control over the Company	Fellow Subsidiaries	Associate of Holding company	Entity under control/ joint control of KMP and their relatives	Total
<b>Trade Payables</b>					
Narayana Hrudayalaya Limited	28.99 (33.25)	- (-)	- (-)	- (-)	28.99 (33.25)
Amaryllis Healthcare Private Limited	- (-)	- (-)	- (-)	0.95 (1.49)	0.95 (1.49)
Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHP)	- (-)	14.55 (2.60)	- (-)	- (-)	14.55 (2.60)
Meridian Medical Research & Hospital Limited (MMRHL)	- (-)	0.30 (-)	- (-)	- (-)	0.30 (-)
<b>Total</b>	<b>28.99 (33.25)</b>	<b>14.85 (2.60)</b>	<b>- (-)</b>	<b>0.95 (1.49)</b>	<b>44.79 (37.34)</b>
<b>Corporate guarantee given by the holding company</b>					
Narayana Hrudayalaya Limited	- (250.00)	- (-)	- (-)	- (-)	- (250.00)

Figures in bracket are for the previous year

## Note :

(a) No amount in respect of related parties have been written off/back or provided for during the year

(b) Related party relationships have been identified by the management and relied upon by the auditors

(c) The terms and conditions of the transactions with related parties were no more favourable than those available or those which might be reasonably be expected to be available in respect of similar transactions with other than related entities on an arms length basis.





## 28 Earnings per share

### Basic and diluted earnings per share

The calculation of basic and diluted earnings/ (loss) per share for the year ended March 31, 2021 was based on profit / (loss) attributable to equity shareholders of ₹ 22.62 lakhs (Previous year: ₹ (53.24) lakhs) and weighted average number of equity share outstanding 10,00,000 (Previous year: 10,00,000).

Particulars	(₹ in lakhs, except no of shares)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit / (loss) for the year	22.62	(53.24)
<b>Weighted average number of equity shares (basic/diluted)</b>		
<b>Shares</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Total number of shares outstanding	1,000,000	1,000,000
Effect of shares issued during the year	-	-
Weighted average number of equity share	1,000,000	1,000,000
Basic and diluted loss per share (₹)	2.26	(5.32)
(Nominal value per share ₹ 10)		

## 29 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio. The Company is equity financed as evident from the capital structure below. There are no borrowings from any financial institution/organisation.

The capital structure as of March 31, 2021 and March 31, 2020 was as follows:

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Total equity attributable to the equity shareholders of the Company	(100.74)	(100.95)
<b>As a percentage of total capital</b>	100%	100%
Borrowings from financial institution and organisation	-	-
<b>Total borrowings</b>	-	-
<b>As a percentage of total capital</b>	-	-
<b>Total capital (Equity and Borrowings)</b>	<b>(100.74)</b>	<b>(100.95)</b>

## 30 The Company entered into a Concession Agreement with Shri Mata Vaishno Devi Shrine Board ("the trust") to operate, maintain and manage a 230 bed multi specialty hospital on public private partnership model. The Company is required to pay concession fees to trust as mutually agreed, during the period of agreement. The trust has invested and incurred capital costs to set up/ establish 230 bed multi specialty hospital and has reimbursed costs incurred by the Company for providing technical assistance during the refurbishment and commissioning period to the extent of ₹ 50.00 lakhs. The period of agreement is 21 Years from the Commercial Operation Date (COD) which is April 2016.

Effective from the Commercial operations date (COD), the Authority shall provide Viability Gap Funding ("VGF"), in the form of financial assistance to cover expected expenditure and losses, to the Company for a maximum period of 5 years from the COD on actual basis subject to a cumulative maximum amount of ₹ 4,500 lakhs. During the previous year, the Authority had further approved and increased the above mentioned cumulative maximum to ₹ 5,170 lakhs. The Shrine Board has expressed their in-principal agreement to release the additional amounts in the due course of time as per the concession agreement and based on the hospital's actual requirement and the Board's cash-flows.

The Viability Gap Funding accounted so far is as below:

Particulars	Financial Year	(₹ in lakhs)
Other Operating revenue under Revenue from Operations	16-17	1,441.79
Other Operating revenue under Revenue from Operations	17-18	1,116.06
Other Operating revenue under Revenue from Operations	18-19	1,181.98
Other Operating revenue under Revenue from Operations	19-20	767.26
Other Operating revenue under Revenue from Operations	20-21	1,025.20

Other financial assets include VGF receivable from Shrine Board of ₹ 5.83 lakhs as on March 31, 2021

✓



31 Employee benefits

A. Defined benefit plan

The Company makes contributions towards provident fund and employee state insurance to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The amount recognised as an expense towards contribution to Provident Fund and Employee State Insurance during the year aggregated to ₹ 92.34 lakhs (previous year: ₹ 82.82 lakhs)

The Company operates post-employment defined benefit plan that provide gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit. This scheme is non funded. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss. The Company accrues gratuity as per the provisions of the Payment of Gratuity Act, 1972 as applicable as at the balance sheet date and accordingly the maximum payment is restricted to ₹ 20 lakhs.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Net defined benefit liability	50.84	22.46
Liability for compensated absences	43.67	48.99
<b>Total employee benefit liability</b>	<b>94.51</b>	<b>71.45</b>
Non-current	41.21	19.63
Current	53.30	51.82

B. Reconciliation of net defined benefit (assets) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

i) Reconciliation of present values of defined benefit obligation			(₹ in lakhs)
Particulars	As at March 31, 2021	As at March 31, 2020	
Defined benefit obligation as at 1 April	22.46	12.20	
Current service cost	5.61	4.36	
Interest cost	1.13	0.81	
Benefits Payment directly by employer	(0.77)	(3.71)	
Change in actuarial assumption			
-changes in demographic assumptions	6.91	(4.91)	
-changes in financial assumptions	4.17	1.54	
-experience adjustments	11.33	12.17	
<b>Defined benefit obligations as at 31 March</b>	<b>50.84</b>	<b>22.46</b>	

ii) Reconciliation of present values of plan assets			(₹ in lakhs)
Particulars	As at March 31, 2021	As at March 31, 2020	
Plan assets at beginning of the year	-	-	
Contributions paid into the plan	-	-	
Interest income	-	-	
Benefits paid	-	-	
Return on plan assets	-	-	
<b>Plan assets at the end of the year</b>	<b>-</b>	<b>-</b>	
<b>Net defined benefit liability</b>	<b>50.84</b>	<b>22.46</b>	

C. i) Expense recognised in statement of profit and Loss

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	5.61	4.36
Interest cost	1.13	0.81
	6.74	5.17

ii) Remeasurements recognised in other comprehensive income			(₹ in lakhs)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	
Actuarial (gains) / loss on defined benefit obligation	22.41	8.80	
Return on plan assets excluding interest income	-	-	
	22.41	8.80	



**D. Defined Benefit obligation**

**i) Actuarial assumptions**

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

Principal actuarial assumptions	As at March 31, 2021	As at March 31, 2020
Attrition rate	Upto Level 6 = 32% Level 7 and above = 26%	61.00%
Discount rate	5.34%	5.35%
Mortality table	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Future salary increases	First year 7.90% thereafter 6%	First year 0% thereafter 6%

Assumptions regarding future mortality are based on published statistics and mortality tables.

**Maturity profile of defined benefit obligation**

Particulars	(₹ in lakhs)
1st following year	9.63
2nd following year	11.14
3rd following year	9.32
4th following year	8.24
5th following year	6.22
Year 6 to 10	13.36
More than 10 years	3.58

As at March 31, 2021, the average duration of the defined benefit obligations was 3.14 years (March 31, 2020: 2.46 years)

**ii) Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(1.23)	1.32	(0.88)	0.96
Future salary increases (0.5% movement)	1.31	(1.17)	0.00	(0.93)
Attrition rate (0.5% movement)	(0.56)	0.57	(0.28)	0.28
Mortality rate (10% movement)	0.00	0.00	0.00	0.00

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**32 Due to Micro, Small and Medium Enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier.

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
-Principal	0.16	47.68
-Interest	0.00	0.68
The amount of interest paid by the buyer as per the MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-





33 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

(₹ in lakhs)

As at March 31, 2021	FVTPL	Amortised cost	Total
<b>Financial assets</b>			
Trade receivables	-	815.73	815.73
Cash and cash equivalents	-	222.12	222.12
Bank balances other than above	-	2.50	2.50
Loans	-	2.55	2.55
Other financial assets	-	59.75	59.75
	-	1,102.65	1,102.65
<b>Financial liabilities</b>			
Trade payables	-	1,518.17	1,518.17
	-	1,518.17	1,518.17
<b>As at March 31, 2020</b>	<b>FVTPL</b>	<b>Amortised cost</b>	<b>Total</b>
<b>Financial assets</b>			
Trade receivables	-	1,005.08	1,005.08
Cash and cash equivalents	-	78.69	78.69
Bank balances other than above	-	2.25	2.25
Loans	-	2.55	2.55
Other financial assets	-	242.56	242.56
	-	1,331.12	1,331.12
<b>Financial liabilities</b>			
Trade payables	-	1,551.91	1,551.91
	-	1,551.91	1,551.91

Measurement of fair values

The carrying value approximates the fair value.

B. Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk.

(i) Risk management framework

The Company's risk management is carried out by a central treasury department under policies approved by the Board of Directors. The Board supervises overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk and use of financial instruments.

(ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to Rs. 901.60 lakhs (31 March 2020: Rs. 1098.51 Lakhs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

	As at March 31, 2021	As at March 31, 2020
<b>Allowance for credit loss</b>		
Opening balance	93.43	35.12
Credit loss recognised	(7.56)	58.31
<b>Closing balance</b>	<b>85.87</b>	<b>93.43</b>

No single customer accounted for more than 10% of the revenue as of March 31, 2021. There is no significant concentration of credit risk.

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.



(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2021:

Particulars	Less than 1 year	1 - 3 years	3-5 years	more than 5 years	Total
Trade payables	1,518.17	-	-	-	1,518.17
<b>Total</b>	<b>1,518.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,518.17</b>

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2020:

Particulars	Less than 1 year	1 - 3 years	3-5 years	more than 5 years	Total
Trade payables	1,551.91	-	-	-	1,551.91
<b>Total</b>	<b>1,551.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,551.91</b>

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates and interest rates. There are no such associated risk in the Company.

(v) Cash flow and fair value interest rate risk

The Company does not have any borrowings in the current year and previous year.

34 On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and suggested guidelines for containment and mitigation worldwide. Whilst Q1 of FY 2021 was severely impacted due to the pandemic, the Company's operations started to gradually increase during Q2 and Q3 of FY 2021 consequent to the reduction of the impact of the pandemic. With the increase in the severity of the outbreak towards the end of Q4 of FY 2021 and subsequent to March 31, 2021, the state governments have re-imposed various restrictions and lockdowns.

The pandemic has impacted the operations of the Company during the year ended March 31, 2021 and the Company continues to actively manage its business, including taking various initiatives to optimise costs and meet its financial commitments, duly considering the evolving nature of the pandemic and the estimated duration of its impact. As at March 31, 2021, the Management has used internal and external sources of information upto the date of approval of these financial statements in determining the impact of COVID-19 pandemic. The Management has used the principles of prudence in developing estimates, assumptions, exercising judgements and performing sensitivity analysis. The Company as of the reporting date does not expect any long term adverse impact of COVID-19 on its ability to recover the carrying value of its current assets and non-current assets including trade receivables, property, plant and equipment and intangible assets and meeting its financial obligations.

The eventual outcome of the impact of the pandemic may be different from that estimated as on the date of approval of these financial statements and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic conditions arise.

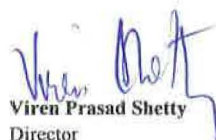
35 Code on Social Security 2020

The Code on Social Security, 2020 ("the Code") which would impact the contributions by the Company towards Provident Fund and Gratuity has received Presidential assent in September 2020. The Code have been published in the Gazette of India. However, the date from which the Code will come into effect has not been notified. The Ministry of Labour and Employment (Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will complete its evaluation and will give appropriate impact in its consolidated financial statements in the period in which the Code becomes effective and the related rules are published.

for and on behalf of the Board of Directors of  
Narayana Vaishno Devi Specialty Hospitals Private Limited



Dr. Emmanuel Rupert  
Director  
DIN: 07010883



Viren Prasad Shetty  
Director  
DIN: 02144586

Place: Bengaluru  
Date: May 31, 2021

Place: Bengaluru  
Date: May 31, 2021

