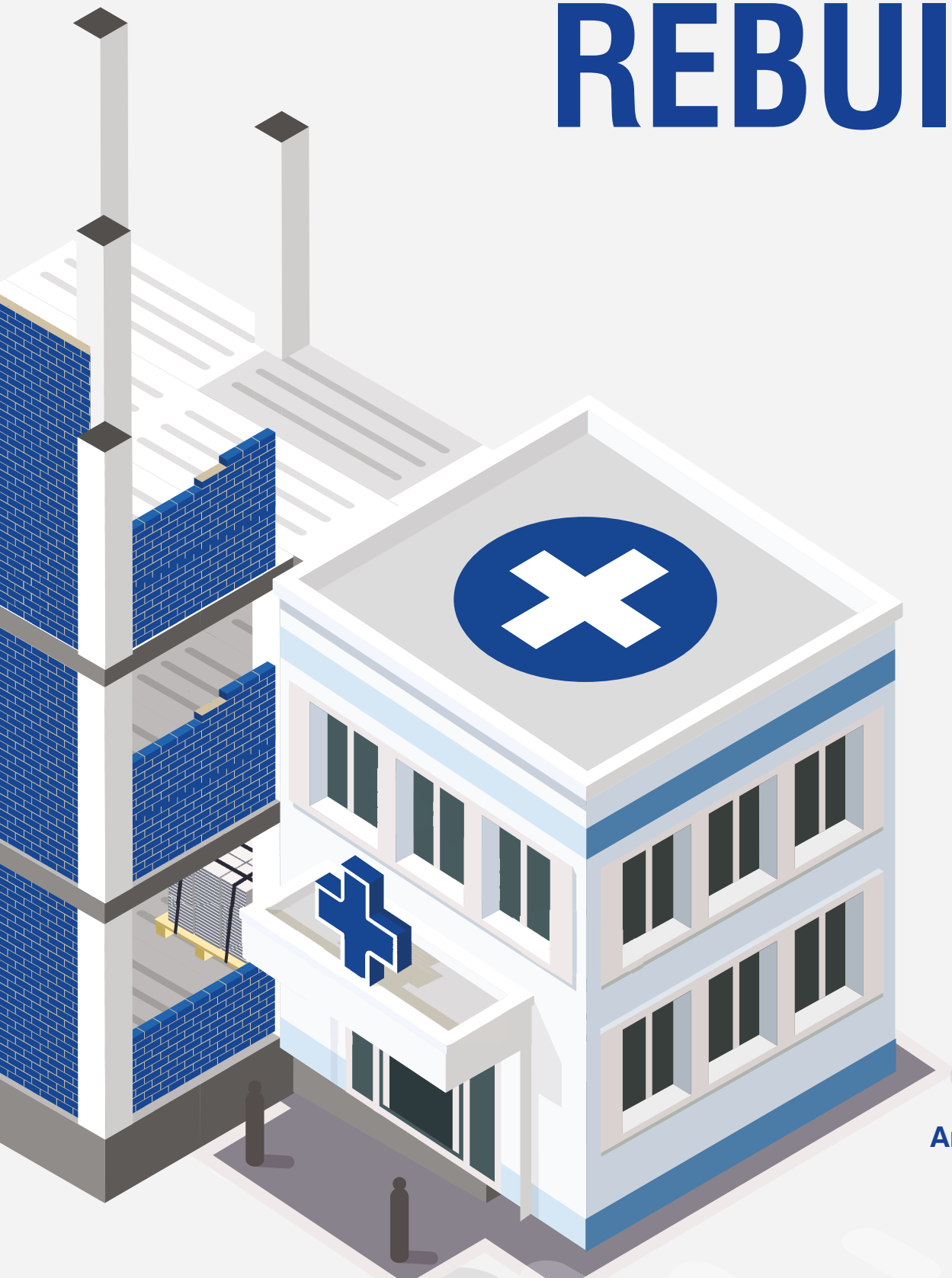
Narayana Health

Health for all. All for health.

REBUILD



Narayana Hrudayalaya Limited

Annual Report

2020-21

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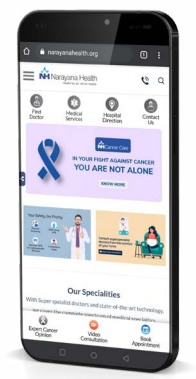

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www.narayanahealth.org

or
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OUR MISSION

The Company's mission is to deliver high-quality, affordable healthcare services to the broader population in India.

Chairman's Message

Dear Shareholders,

I hope you are keeping yourself and your loved ones safe during this pandemic. I understand not all of you will be able to work from home and some of you will need to travel or be exposed to groups of people. If you must go out, please wear a well-fitted N-95 mask, do not remove it when speaking to people, and eat food by yourself or in an outdoor location away from other people. Take any vaccine that is available to you as soon as you are eligible to receive it. Please ignore whatsapp messages from so-called experts casting doubt over vaccines. All the vaccines have gone through extensive clinical trials and the risk of vaccine complication is much less than the risk you face every day driving on Indian roads. Vaccine will protect you from severe symptoms and make you less likely to spread Covid to your family.

This pandemic has changed our world forever. The struggles of the health sector have become part of media debates for over a year. Policymakers across the world realised that modern healthcare is accessible to only a small percentage of the world's population. This system was acceptable as long as-poor people were dying of cancer or heart attacks in their own homes far away from the elites. When a global pandemic like COVID-19 attacked everyone at the same time, then rich people realised that, with all their money and connections, they also have to struggle to find a bed. Healthcare is everyone's problem and if all of us are not safe, then none of us are safe.

The Indian healthcare system was struggling long before Covid. We are blessed to be living in a country where cost of healthcare is the lowest in the world. I left England in 1989 and the first patient I did the bypass grafting in Calcutta paid 1.5 lakh rupees. 30 years later, we are doing the same operation under the government scheme for less than one lakh rupees. That is ok because for all these years, hospitals used to subsidise the cost of operating on poor farmers by charging extra for rich people. Unfortunately, every organized payor is trying to lower the amount they pay for healthcare. Central Government Health Scheme, which covers government employees who drive cars and stay in independent houses, pays hospitals lower rates than what poor people pay out of pocket. Even private insurance companies are trying to bring their prices closer to what the government pays. If nobody pays what it costs for delivering high quality healthcare, then hospitals will have no money to invest in latest equipment or pay good salaries for highly skilled doctors. In the last five years, barely any new hospital has come up in India especially in tier two cities where it is desperately needed. Hospitals will thrive when people pay for the true cost of healthcare. This will encourage many new hospitals to come up, then competition will drive down the price of healthcare.

We are blessed to be living in a country where cost of healthcare is the lowest in the world.

I believe that a new system of delivering healthcare for all requires a new system of paying for healthcare. India needs to have multiple financial intermediaries to pay for the healthcare of all sections of the society, rich and poor. Even today, nearly 60% of our patients pay for healthcare from their pocket. This must change. Working class people can't all of a sudden produce a large sum of money to pay for surgery. But they can pay small amounts of money to

a financial intermediary which will pay for the surgery whenever it is needed. This is the typical model for health insurance, but the current premium for health insurance is too high for working class Indians. Premium is high because the pool of people who buy health insurance is too small. This is because people who can afford to buy health insurance premiums are rich enough to pay for the surgery out of pocket, so most will choose not to buy insurance.

Poor people in isolation are very weak, but together, they are-strong. 17 years ago, we conceptualised Yeshaswini micro health insurance scheme for the state of Karnataka. Farmers paid just five rupees per month to enrol in a health scheme that paid for 700 varieties of surgeries in 400 hospitals across the state. Government of Karnataka launched the scheme through the Karnataka State Cooperative Societies and became a reinsurer for the scheme. At the end of 10 years, 1.4 million farmers had access to all varieties of surgeries including heart and brain surgeries for just five rupees per month. Yeshaswini inspired other State Governments to launch their own health schemes like Aarogyasri of Andhra Pradesh and they all eventually merged with Ayushman Bharat launched by the central government.

Even though we conceptualised the idea of government-funded health schemes, we have come to realise that this is not suitable for a poor country like India. The problem with government funding the cost of surgeries is what economists call "Misaligned Incentives". If a hospital is paid to do the surgery, they will do the surgery. They are not paid to keep the patient healthy, and they are not incentivised to choose a less costly medical treatment or counsel for lifestyle change. In the United States, around 10% of government spending on Medicare is fraudulent due to unnecessary billing or patients undergoing unnecessary procedures. You can only imagine what the situation will be in our country where most healthcare procedures aren't electronically documented. We need a new system for providing universal healthcare

Lot of countries around the world are experimenting with population health management for their citizens. It can be called Accountable Care, Managed Care, Integrated Care, Health Management Organization, but the main idea is that the government pays a provider or a group of providers a lump sum of money to take over the healthcare needs of all the people living in one area. This encourages hospitals to ensure that patients are kept healthy and out of the hospital. Your company takes inspiration from Kaiser Permanente, the largest managed care organization in the USA.

I have no doubt that healthcare is going to be the driver of global economy and India has a unique opportunity to lead the rest of the world.

Kaiser Foundation Health Plan collects premiums from millions of Americans and the Permanente Medical Group works 24/7 to keep their members healthy. Patients suffering from chronic diseases like diabetes are enrolled under online care management. They have over 3000 engineers building software to give their patients an "Amazon-like" experience. We believe that this is what is required from healthcare providers; our interest should be aligned with the interest of our patients. That is good for the patient, good for their family and good for the society.

It is very important that government and the healthcare providers come together and work out a new healthcare system for India that takes care of the poor and the middle class through innovative funding models and low-cost-financial intermediaries. This is the only way to make the entire healthcare system viable and dynamic. I have no doubt that healthcare is going to be the driver of global economy and India has a unique opportunity to lead the rest of the world.

Future is never an extension of the past, it is different, and we can make it whatever we want it to be. All the innovations that transformed the world were created by passionate people who followed their crazy dreams. I want to thank the Board and all my Shareholders for allowing us to follow our crazy dreams and make this world a better place to live.

Best Regards,

Dr. Devi Prasad Shetty
Chairman

CEO's Insight

We are pleased by the Central Government's emphasis on health and well-being as reflected in the increased allocation towards the sector in the Union Budget 2021 with total proposed outlay of INR 2.23 lakh Crs (over USD 30 billion dollars), an increase of 137% over the budget spending last year.

Dear Shareholders,

It's a matter of pride for me to present the performance of your Company for the year gone by. Fiscal year 2021 posed a challenging operating environment not just for India but also for the global economy. Nation-wide lockdown followed by supply-chain disruptions amidst COVID-19 virus spreading at an alarming rate brought the businesses to a grinding halt. The recovery has been gradual and spread over the course of several months with operations demonstrating resilience and agility after an almost washout in the first quarter period of 2020-21. As a leading healthcare service provider, we dedicated a significant portion of our beds and other resources towards treating the patients infected with COVID-19. Our clinical talent worked round the clock to ensure the highest degree of medical care to our patients in these testing times and this gives us a lot of satisfaction that we stayed united as a family confronting the pandemic spread worldwide.

COVID-19 Induced Hardships

Healthcare industry, unlike other sectors, faced multitude of problems as we fought battles on multiple fronts during the last year ranging from dearth of medical professionals for treating COVID-19 patients to shortage of medical consumables to keep the hospitals running. Our non-COVID business in the form of high-end tertiary elective procedures and surgeries got severely impacted as both domestic and international patients stopped visiting the hospitals fearing the spread of infection and travel restrictions imposed by the government. A sharp decline in footfalls had a significant bearing on our business with consolidated revenues coming in at INR 25,823 mn for the fiscal year 2021, registering a de-growth of 17.4% on YoY basis. A distorted speciality mix gravitated towards low-yielding procedures and price-capped COVID-19 treatment, coupled with a significant erosion in international patient mix as well as high-end cardiac sciences based elective work resulted into a significant hit on our profitability with consolidated EBITDA plunging by 52.9% on YoY basis thus closing the year at INR 2,103 mn with the dip in profitability accentuated mainly by a significant operating loss of INR 492 mn in the first half of the fiscal. However, building upon the slow but steady recovery through the course of the year, we are pleased to have closed the year on a strong note with quarterly consolidated EBITDA of INR 1,499 mn (YoY growth of 45.9%) translating into EBITDA margin of 17.9%.

On operational parameters, our consistent efforts over the years to drive efficiencies through high-end medical technology and cutting-edge clinical research to bring down Average Length of Stay (ALOS) and subsequently improve throughput and Average Revenue per Occupied Bed (ARPOB) were temporarily disrupted as patients' volumes across high-end specialities such as cardiac sciences, renal sciences, etc got significantly impacted with Average Length & Stay (ALOS) moving up due to long-stay, low realisation centric COVID-19 business.

Coming out of the Pandemic Stronger, Financially and Operationally

With the pandemic severely disrupting operations, hinterland centres, relatively less impacted by the spread of infection, staged a faster recovery and along with the NCR operations steadied the India business. Flagship units at Bengaluru and Kolkata continued to remain impacted for the best part of the year given their pre-eminence in the cardiac sciences based elective domain as well as higher reliance on out-of-station domestic as well as international patients.

Anchored by the oncology domain focus, despite the international business being practically completely shut, the relatively newer NCR facilities played a crucial role in the overall resilience demonstrated across the Group. This does reinforce NH's emerging brand recall in the region and gives us a lot of confidence going forward in that crucial market given their significant growth runway.

Cayman operations, on account of increased domestic patients flow to the facility due to overseas travel restrictions, continued its strong run with its EBITDA growing at a YoY 73.6% to USD 26.2 mn in the fiscal year 2021. Buoyed by the performance of our maiden international venture and with the know-how gained through our experience on the ground, we remain keen to explore such value-accretive opportunities in the Island as well as neighbouring regions. Towards that we have also announced an expansion program through a new set-up at the Cayman Islands city centre region which we propose to fully commission over the next 24 months period. We believe that our leadership position in the region along with niche offerings such as full-fledged oncology services would act as a strong lever for future growth.

I am also pleased to let you know that despite the severe challenges in the year gone by, we have been able to further fortify our balance sheet maintaining strong liquidity profile with consolidated, bank balance and liquid investments of INR 2.42 bn against a consolidated gross borrowings of INR 6.17 bn (down by INR 1 bn in the year gone by) as on 31st March, 2021.

Regulatory Outlook - Navigating towards a Healthier Nation

Healthcare sector faced a lot of regulatory headwinds in the last few years ranging from GST implementation which was fraught with technical and regulatory hurdles to demonetisation which impacted the cash dominated healthcare sector to price capping on cardiac stents and knee implants. However, business prospects have improved since then, especially after COVID-19 struck with governments across the world keen on strengthening the healthcare delivery system and a general shift in patients' preference towards large corporate hospitals leading to transition from unorganised sector to organised ventures.

We are pleased by the Central Government's emphasis on health and well-being as reflected in the increased allocation towards the sector in the Union Budget 2021 with total proposed outlay of INR 2.23 lakh Crs (over USD 30 billion dollars), an increase of 137% over the budget spending last year. The enhanced allocation, along with the plan to look at healthcare holistically – including nutrition, sanitation, clean drinking water and pollution control, certainly augur well for the country. This initiative is aimed at developing capacities of the primary, secondary, and tertiary care health systems and we hope that the government will partner with private healthcare operators to drive efficiencies in the system and strengthen delivery of healthcare services across the country.

Path Ahead - Optimising Capital Allocation, Delivering Results

While we do remain focused on consolidation of our Indian operations emphasizing on debottlenecking and brownfield expansion at existing facilities, we would be open towards value-accretive strategic expansion opportunities. All such exercises shall be underpinned by prudent capital allocation at its core with an eye for maximizing shareholder value.

In the backdrop of the current unprecedented surge in COVID-19 cases across the country leading to localized lockdowns coupled with continued muted international patient volumes, we remain cautious about its impacts on the green shoots of recovery in the business.

However, with the agility and resilience demonstrated in the year gone by, we do remain confident about our business prospects over the long term. With the current humanitarian crisis continuing to severely impact lives and livelihood of people overall, we stand in solidarity with all those affected and are dedicated towards protecting and supporting our communities in the face of this unfolding adversity. With limited infrastructure in NCR region, we regret not being able to take care of the huge number of patients that needed an ICU bed. We have learned from our mistakes and are scaling up our infrastructure in preparation for a possible third wave and extending our support to the national vaccination program.

Lastly, I want to recognise and appreciate the hard work and sacrifices of all our staff members during this particularly distressing and disturbing period. We shall always be thankful for their unflinching commitment and support which is the cornerstone of the institution and its legacy at NH that we all are proud of. I would also like to thank our esteemed shareholders who have reposed faith in us in these tumultuous times.

Best Regards,

Dr. Emmanuel Rupert
Managing Director and Group CEO

Profile of Board of Directors

Dr. Devi Prasad Shetty

Dr. Devi Prasad Shetty is the Chairman of our Company and also a Whole-time Director. He is a cardiac surgeon with over 37 years of experience. After completing his MBBS from University of Mysore in 1978 and Master's Degree in 1982, he was granted a fellowship from the Royal College of Surgeons of England in 1989. He established Narayana Hrudayalaya Ltd. in the year 2000. Dr. Shetty is also a recipient of honorary Doctorates from University of Minnesota in 2011, from Rajiv Gandhi University of Health Sciences in 2014 and from IIT Madras also in 2014.

Dr. Shetty initiated the concept of "Micro Health Insurance Scheme" in Karnataka, which eventually led to the Karnataka government implementing the Yeshasvini Scheme, a Micro Health Insurance Scheme for Rural Farmers.

Dr. Shetty is the current Chairman of Board of Governors of Indian Institute of Management, Bangalore. He is a member of High-Level expert Group on Healthcare constituted by the Fifteenth Finance Commission. He is nominated by the Comptroller and Auditor General to the Tenth Audit Advisory Committee. He is also the Chairman of Academics Committee of Healthcare Sector Skills Council. As a member of Karnataka Knowledge Commission, Dr. Shetty is also the Chairman of the committee on Karnataka Public Health Policy. Dr. Shetty is a Professor at Rajiv Gandhi University of Health Sciences, Bengaluru, India and University of Minnesota Medical School, USA.

Dr. Shetty is a recipient of several awards and honours, most noteworthy being "Padma Shri" and "Padma Bhushan" Awards in 2003 and 2012 respectively, conferred by the Government of India and the Rajyotsava Award in 2002 conferred by the Government of Karnataka. In 2013 he was the recipient of Financial Times-Arcelor Mittal Boldness in Business Award. He received the '19th Nikkei Asia Prize for Economic and Business Innovation' by Nikkei Inc. in 2014. He is an active member of the European Association for Cardio-Thoracic Surgery since 1996 and a life member of the Indian Medical Association. He was one of the Board of Governors of the Medical Council of India between 2010 and 2011.

A strong advocate of technology for efficient healthcare delivery, Dr. Shetty takes deep interest in creating and developing software products and applications to achieve time and cost efficiency while minimizing clinical errors in healthcare delivery.

Dr. Shetty also has a US Patent No.10,109,377 dated October 23, 2018 registered as inventor – "System and Method for Facilitating Delivery of Patient-Care" – 'A computer-implemented method for facilitating delivery of patient-care in adherence with a standard of care clinical protocol is described'.

Dr. Shetty is routinely invited for his advice and opinion on healthcare policies by Government of India and different state governments in India.

Dr. Emmanuel Rupert

Dr. Emmanuel Rupert is the Managing Director and Group CEO of our Company. He is an alumnus of Banaras Hindu University, Varanasi. He has completed his training in Cardiac Anaesthesia and Intensive Care from Madras Medical Mission, Chennai.

Dr. Emmanuel Rupert in his previous stint as a Group Director - Medical Services was responsible for Clinical Governance, Clinical Quality, Clinician Hiring & Credentialing, as well as Clinician engagement, Research & Training and Clinical Data Analytics, across NH Group.

Dr. Emmanuel Rupert joined Narayana Hrudayalaya Ltd. in 2000 at Rabindranath Tagore International Institute of Cardiac Sciences, Kolkata and established the Department of Anaesthesiology and Intensive Care. He has over 25 years of clinical experience and 10 years of experience as Administrator in healthcare delivery. He also provides critical leadership to the Group in fulfilling excellence through clinical outcome, patient safety and quality.

Mr. Viren Prasad Shetty

M M

Mr. Viren Prasad Shetty is a Whole-time Director and Group COO of our Company. He graduated from RV College of engineering and has an MBA from Stanford Graduate School of Business. Mr. Viren joined the hospital engineering department of Narayana Hrudayalaya Ltd. in 2004 and was responsible for designing and commissioning Mazumdar Shaw Cancer Center and the multispecialty hospitals in Jaipur and Ahmedabad. He has also worked in unit operations, supply chain management, business development, strategy and investor relations.

Committees details

- Corporate Social Responsibility Committee
- Audit, Risk and Compliance Committee
- Stakeholder holders' Relationship Committee
- Nomination and Remuneration Committee

C Chairman

M Member

Dr. Kiran Mazumdar Shaw

M

Dr. Kiran Mazumdar Shaw is a Non-executive Director of our Company. She is the executive Chairperson of Biocon Limited, an innovation-led global biopharmaceutical company, which is India's largest publicly listed biotech enterprise.

A first-generation entrepreneur with nearly 47 years of experience in the field of biotechnology, she holds a Bachelor's degree in Science (Zoology Honours) from Bengaluru University and a Masters' degree in Malting and Brewing from Ballarat College, Melbourne University, Australia. She has also been awarded several honorary degrees from universities of repute globally, including Ballarat University, Australia; University of Abertay, Dundee, Scotland; Trinity College, Dublin, Ireland; University of Glasgow, Scotland; and Deakin University, Victoria, Australia.

She has several national and international recognitions to her credit, the most noteworthy being the Padma Shri and the Padma Bhushan in 1989 and 2005, respectively, conferred by the Government of India. She has also been conferred with Order of Australia, Australia's Highest Civilian Honour in 2020, highest French distinction - Chevalier de l'ordre National de la Légion d'Honneur (Knight of the Legion of Honour) in 2016 and Othmer Gold Award in 2014.

Dr. Kiran Mazumdar Shaw has been conferred with the EY World Entrepreneur of the Year™ 2020 Award, which is a testimony to her entrepreneurial journey of over four decades. She has also been appointed as the Vice Chair of the U.S.-India Business Council in 2021. She serves on the Board of The Massachusetts Institute of Technology (MIT), USA, Pure-Tech Health, USA, Memorial Sloan Kettering Cancer Centre, USA and Infosys in India apart from holding key positions in various industry, educational, government and professional bodies globally.

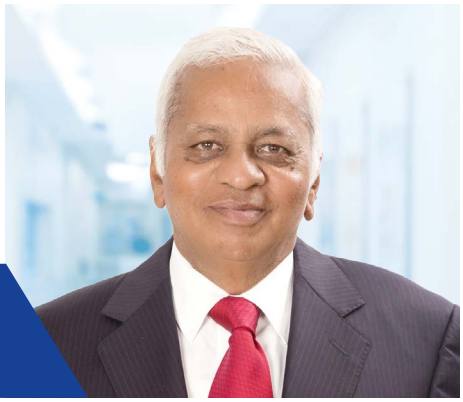
She believes in compassionate capitalism and is the first woman business leader from India to sign the Giving Pledge, an initiative of the Gates Foundation, committing to give the majority of her wealth to philanthropic causes.

She is very passionate about innovation and mentors many science-based start-ups.

Mr. Dinesh Krishnaswamy

C M M

Mr. Dinesh Krishnaswamy is an Independent Director of our Company. He is a professional with around 30 plus years of experience. He received a Bachelor's degree from the Government Science College, Bengaluru in 1971. Thereafter, he was granted a Master's degree in Mathematics from Bengaluru University, followed by his Honorary Doctorate in Literature from the Karnataka State Open University in 2007. In 1981, Mr. Dinesh Krishnaswamy became a founding member of Infosys Limited. Since its founding, he has held various positions such as, a Board Member, Head of Quality, Information Systems, Head of the Communication Design Group and Chairman of Infosys Australia. He held the position of the President of Infosys Science Foundation in 2010 and from 2017 to January 2019 and, Trustee of Centre for Brain Research at Indian Institute of Science, Bengaluru.



Mr. Muthuraman Balasubramanian

C M

Mr. Muthuraman Balasubramanian is an Independent Director of our Company. He has been on the Board of several companies and educational institutions. He is a professional with over 49 years of experience. He holds a Bachelor's degree in Metallurgical Engineering from Indian Institute of Technology, Madras and a Master's degree in Business Administration from the Xavier Labour Relations Institute, Jamshedpur. Mr. Muthuraman joined Tata Steel Limited in 1966 and has held various positions at Tata Steel Limited including Vice-President (Marketing and Sales) and Vice President (Cold Rolling Mill Projects) and Managing Director. He retired from Tata Steel Limited as Vice Chairman.

He served on the Board of Bosch India Limited for six years. He was also on the Board of Directors of Tata Industries Limited. He was the Chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur, National Institute of Technology, Jamshedpur and Xavier's Labour Relations Institute, Jamshedpur.

Currently, he is also on the Board of Directors of Sundaram Fasteners Limited and Ashirvad Pipes Private Limited. Mr. Muthuraman has been conferred with the prestigious Padma Bhushan award in 2012, from the Government of India. He received the Tata Gold Medal in 2002 from the Indian Institute of Metals, Calcutta for his significant contribution to the metallurgical industries particularly to iron and steel industry.

Mr. Arun Seth

C

Mr. Arun Seth is an Independent Director of our Company. He is an alumnus of IIT Kanpur and IIM Calcutta. He has worked in senior commercial positions in British Telecom, HCL, Usha Martin and the UB Group, in the last 40 years. He was a Managing Director of British Telecom since 1995 and retired as Non-executive Chairman of British Telecom in India in 2012. He was also on the Board of Airtel and Tech Mahindra, Jubilant Foodworks (Dominos) and Chair of Nasscom Foundation. He took early retirement to focus on bringing the benefits of IT and Telecom to the real-world businesses i.e. energy, health, fintech and payments, hospitality, retail etc., and help create a vibrant entrepreneurial system.

Currently, he is also an independent Director on the Board of various companies including listed companies like Jubilant Pharmova Ltd and Jubilant Ingrevia Ltd. He is currently on the Board of The Nudge Foundation and HelpAge India – leading NGO's

Committees details

- Corporate Social Responsibility Committee
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- Nomination and Remuneration Committee

C Chairman

M Member

Mr. B N Subramanya

M M C

Mr. B. N. Subramanya is an Independent Director of our Company. Mr. Subramanya holds a Bachelor's degree in Commerce from Bengaluru University. He became an Associate Member of the Institute of Chartered Accountants of India in the year 1982 and a fellow member since April 1994. He began his career with Varsons Chemicals Private Limited wherein he worked as the General Manager, Finance for a period of four years. He founded Mr. B. N. Subramanya & Co., Chartered Accountants in May 1984 and was a Senior Partner till May 2014. He has been a member of the Board at M.S. Ramaiah University of Applied Sciences, M.S. Ramaiah – HCG Cancer Centre and Governing Council of International Medical School, Bengaluru. Currently, he is also on the Board of Directors of Red Couch Interactive (India) Private Limited, QS-era India Private Limited and Svasth-Heart India Foundation (Incorporated under Section 8 of the Indian Companies Act).

Mr. Manohar D Chatlani*

Mr. Manohar D. Chatlani was on the Board of Directors of the Company from 12th September, 2015 to 18th January, 2021 when he resigned as an Independent Director. He is the Founder and Chairman of Bangalore-based Soch Apparels Pvt Ltd., which owns and operates the Soch and Favourite Shop fashion and lifestyle retail chains. With immense passion for retail and experience of more than 50 years in retail sector, business development and leadership roles, he brings strong commercial experience and in-depth knowledge of the Indian retail market. He is also on the Board of the Bangalore Commercial Street Association, President of the Bangalore Sindhi Merchants Association and Founder trustee of Have a Heart Foundation.

* Resigned w.e.f 18th January, 2021

Ms. Nivruti Rai**

M

Ms. Nivruti Rai is an Independent Director of our Company. Nivruti Rai is vice president, Intel Foundry Services, at Intel Corporation and Country Head of Intel India. Based in Bengaluru, she provides overall engineering and business unit leadership and leads operations for the site, driving innovation, cross-group efficiencies and execution for engineering teams delivering global products and roadmaps. She also leads engagements with national and local governments and policymakers, as well as collaboration with ecosystem players to enable innovation and entrepreneurship.

She joined Intel in 1995 and subsequently worked in the CPU development organization in Oregon. She led the effort to conserve chip power in microprocessors by selectively using high-performance devices and pioneered the use of error-correcting codes to reduce operating voltages and memories, becoming a principal engineer in 2003. She moved to India in 2005 to manage R&D of mobile platform technologies used for handheld and laptop computers. In 2013, her team was awarded an Intel Achievement Award for contributing to the development of the Minute Intel® architecture core. In her previous role as vice president in Intel's Platform Engineering Group, she led teams across the United States, Costa Rica, Israel, Malaysia and India charged with developing innovative analog and mixed-signal intellectual property (IP) blocks and IP subsystems for Intel's system-on-chip products. She also managed the emerging technologies group in India developing machine learning and computer vision soft IP.

She earned a bachelor's degree in mathematics, statistics, physics and chemistry and a master's degree in applied mathematics, both from the University of Lucknow in India. She also holds a master's degree in industrial engineering from Oregon State University and a Board of director certification from Harvard Business School. She has been issued one U.S. patent and has authored several technical papers on integrated circuit design methodologies and operations research.

Committees details

- Corporate Social Responsibility Committee
- Stakeholder holders' Relationship Committee
- Audit, Risk and Compliance Committee
- Nomination and Remuneration Committee

C Chairman

M Member

** Resigned w.e.f 11th June, 2021

NH at the heart of Covid Crisis

India's first covid case was detected in Kerala in January 2020. It landed on our shore in April when almost 40 patients were admitted to our hospitals in Mumbai, Delhi, and Kolkata. Many of our hospitals were already prepared for the treatment of infectious disease and had dedicated isolation facilities. Taking the example of different countries at that time, we started ramping up very quickly under the severe constraint of different tools – such as personal protective equipment, etc.

Clinical Protocol Built

As our first task, we constituted a committee for developing a protocol for COVID treatment. More than 10 very senior doctors with excellent credentials in Infectious diseases, Respiratory diseases and Critical Care Management sourced all the research from many other teams working all over the world and our own government's clinical advisory to finalize the protocol. This was the first version of many iterations that followed more data and experience. This group of eminent doctors kept meeting every two weeks to analyze more oncoming evidence and to update them in their daily clinical work.

COVID-19 Testing facility setup

We quickly lent a helping hand to the country's fight against COVID by putting up many testing facilities in all our premises. Our RT-PCR lab setup in RTIICS was the first in eastern India capable of performing COVID-19 testing through all 3 modalities – conventional RT-PCR, TruNat, and CBNAAT

Isolation Facility Ramped Up

NH was very determined from the start that lockdown by the central government was a time for preparation. So, we started ramping up our overall capacity. Our dedicated facility for international patients in Health City in Bangalore was quickly converted into a full COVID facility. Similarly, one of our buildings in Rabindranath Tagore International Institute of Cardiac Sciences, our flagship hospital in Kolkata were converted into a full COVID hospital. Dedicated floors were created in many hospitals for COVID treatment by moving patients from one unit to another to make sure maximum segregation between COVID and non-COVID shared resources. In the initial days as PPE was in short supply, we started putting plastic sheets to separate Health Care Workers and Patients

Human Resource Management

It was very clear at the start of the pandemic that this will test us not only in terms of physical resources but human resources as well. Due to many reasons, many of our health care workers started getting infected in April last year. So, we had to formulate a clear strategy on how to deal with this.

The hospitals were divided into three broad zones including (i) non-COVID area, (ii) COVID area caring for patients with mild-to-moderate illness, and (iii) critical area including the ICU. Besides, a triage area needs were earmarked to evaluate patients who present with acute severe respiratory illness.

Residents and postgraduate students were categorized as follows: Category A: core departments (departments of emergency medicine, Internal Medicine, Pulmonary Medicine, Geriatric medicine, Critical Care Medicine and anesthesiology). Category B: Clinical specialties already running ICU or high-dependency units (HDUs) under their care (medical specialties–departments of cardiology, gastroenterology, neurology, nephrology, pediatrics, medical oncology, and hematology; surgical specialties–departments of gastrointestinal [GI] surgery, neurosurgery, cardiothoracic and vascular surgery, ENT, and pediatric surgery). Category C: other specialties with clinical postgraduates, but not running ICUs/HDUs under their care (medical specialties–departments of endocrinology, rheumatology, obstetrics and gynecology, and radiation oncology; surgical specialties–departments of orthopedics, urology). Category D: clinical specialties with limited or no responsibility for critically ill patients (departments of dermatology, ophthalmology, physical medicine and rehabilitation, psychiatry, community medicine, and transfusion medicine).Category E: medically trained, MBBS residents from preclinical and paraclinical departments (departments of anatomy, physiology, biochemistry, biophysics, pathology, microbiology, forensic medicine, pharmacology, laboratory medicine, nuclear medicine, and radiodiagnosis). Category F: interns.

Facilities were categorized based on the characteristics of the patients who are present at each location, and management decisions are implemented accordingly. In brief, three levels of healthcare facilities are envisaged, namely, level A: screening areas; level B: facility for hospitalized patients who are in a stable clinical condition; level C: facility for critically ill, hospitalized patients.

Once this clear segregation was done, we put all our efforts into adequate training for different groups.

Innovations in packaged care

After the formulation of protocol-based care, we wanted to remove confusion in terms of billing. So, we were one of the first in the country to bring in a day-wise care package so that we can commit as many resources as possible on COVID. This also improved our operations.

Launch of Video Consultations

We were quick to understand the need for video consultations to cater to the needs of our existing patients and new patients. We completed more than 20,000 video calls in the first three months of Pandemic onset.

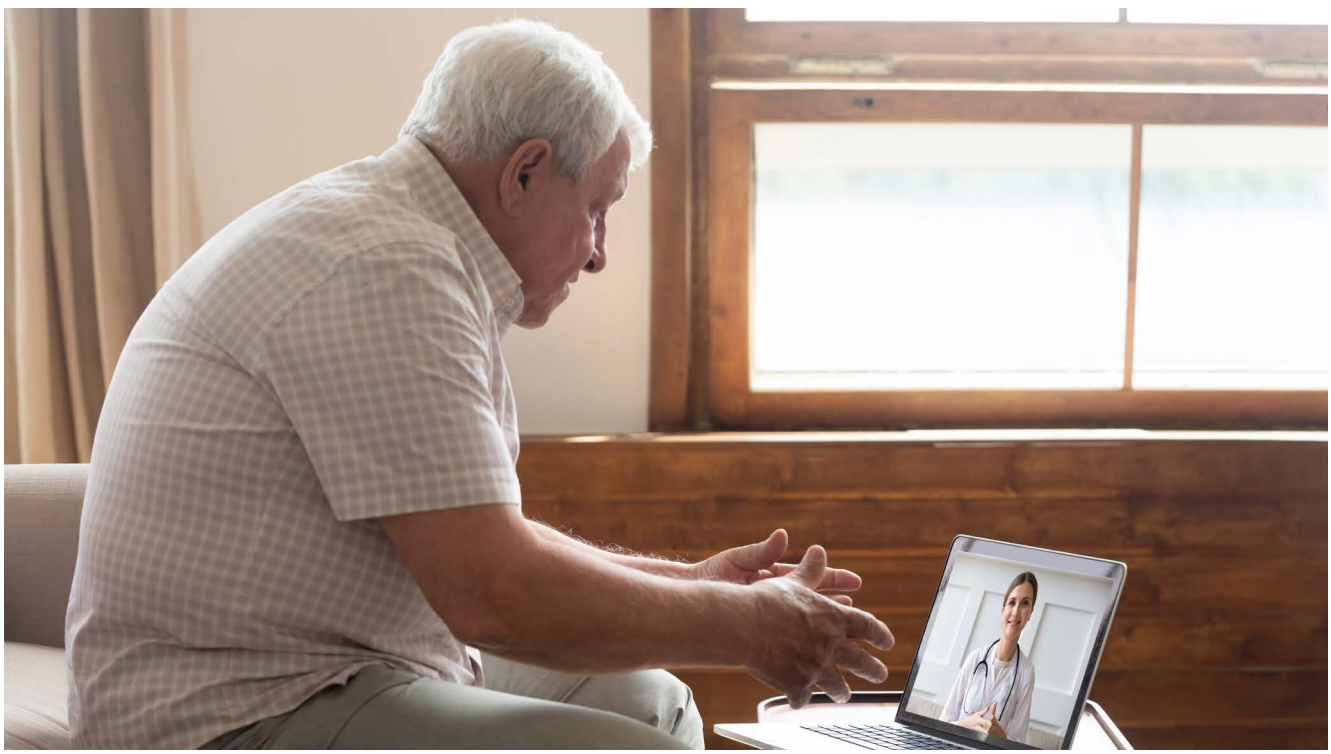
Lockdown hit hard

Our biggest challenge was in April when our patient footfall reduced by 90%. Many of our departments went into quarantine, although overall commitment to resources was less than 1% which increased to 5% by the end of June. But, despite all the challenges, we continued excellent clinical care in many areas. Some of our cases are listed below

SRCC Mumbai performed Arterial Switch & Repair of Intracardiac Total Anomalous Pulmonary Venous Connection on a 45-day old baby. This is such a rare feat for one of our youngest hospital that it is the second such case in the world.

RTIICS, Kolkata performed a successful renal transplant surgery in which both the donor and recipient were diagnosed with COVID-19 and following recovery underwent surgery, making it the first such case in India.

Keeping up with the many firsts in COVID initiatives, our hospitals Narayana Health City, Bengaluru and Dharamshila Narayana Superspeciality Hospital at Delhi initiated Plasma Therapy procedure for COVID patients.



COVID Effort in first three months

Our COVID effort in the first three months has been decisive. Although it did not take up much resource from a patient care perspective, most of the administrative effort went into planning the whole thing. 800 patients were treated during first three months.

Overall COVID Effort by our Group

As cases soar in the second quarter, we were able to provide patient care for both COVID and regular patients. At peak of the first wave of COVID, we had 35% of our beds occupied by COVID patients.

Overall COVID Efforts

15,000

Patients Treated Overall

1,25,000

Bed Days of Patient Care

83,000

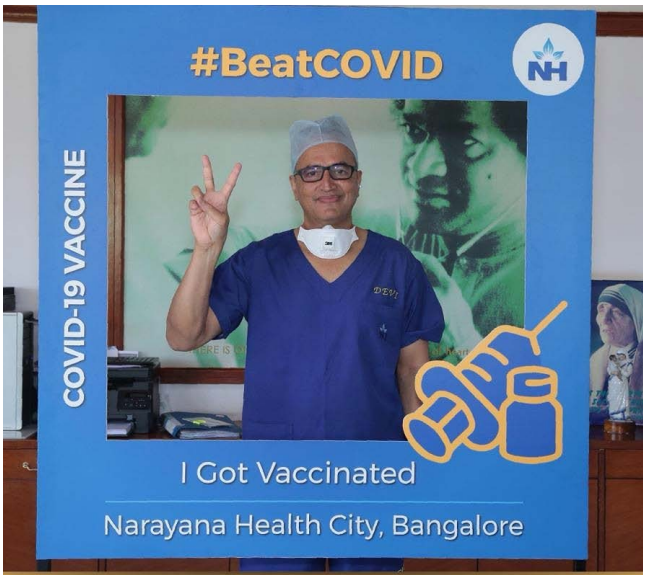
Video Calls

Despite all the effort and hard work that went into Covid treatment we continued to perform our regular case work with cutting edge clinical work. Some of these cases are

- Narayana SRCC Children's Hospital, Mumbai successfully performed a complex procedure, fetal intra uterine PU valve fulguration on a 20-week pregnant woman
- Mazumdar Shaw Medical Centre, Bengaluru (MSMC) operated on a case of bifurcation aneurysm using endovascular contour device, first such case in India and third in Asia
- RTIICS became the first in eastern India to perform Liver and Kidney transplant simultaneously
- Patients in geographies where we are present choose us not only for COVID emergencies as well as non-covid emergencies. Last year we performed close to 1500 primary angioplasty, 20% more than last year.
- Narayana Superspeciality Hospital, Gurugram successfully performed resection on a patient suffering from Adenoid cystic carcinoma of Trachea
- Narayana Superspeciality Hospital, Howrah successfully treated the case of d-transposition of great arteries, ventricular septal defect and pulmonary stenosis (dTGA, VSD, PS) through Pulmonary Root Translocation
- Narayana Multispeciality Hospital, Jaipur treated a patient with a rare condition, Dextrocardia (reverse position of body organs) with Tetralogy of Fallot (TOF) which led to heart pumping oxygen poor blood to the rest of the body
- Narayana Superspeciality Hospital, Raipur performed a complex surgery, excision of retroperitoneal liposarcoma with R Nephrectomy after guarded dissection along IVC, C loop of duodenum and ascending colon
- Narayana Multispeciality Hospital, Ahmedabad successfully performed left carotid angioplasty in technically challenging anatomy of bovine aortic arch on a patient with recurrent ischemia

Inoculation Drive

Indian Government approved Covishield and Covaxin on 3rd January 2021. Within a fortnight, on 18th January we conducted our first vaccination with the frontline workers including administrative personnel. Our Founder and Chairman Dr. Devi Prasad Shetty volunteered to be the first person to get the jab in our premises, thus encouraging all other employees to get vaccinated as soon as possible. Our vaccination administration started with the most vulnerable front-line healthcare workers i.e., doctors, nurses and paramedics working in the COVID ward and ICU and within a month almost 80% of our healthcare workers were vaccinated. For the general populace, we established a vaccination area as much separated from the main hospital as possible, creating temporary structures in a different location. By the end of March, we managed to cover all our employees simultaneously catering to the populace to a large extent.



Introduction of Tele-ICU

The monitoring of patients in a hospital has traditionally been done in two ways. One is a bedside patient monitor typically used in intensive care units (ICU) and in wards, which collect the vitals and display on the monitor and the other is to collect limited vitals using individual devices. If any of the values are off the normal values, it raises an alarm for attention. The ward usage for the patient monitors is limited. They are also an inconvenience when it comes to patient movement using the bedside patient monitors, the patient has to be disconnected when he has to move from the bed. In the ICUs, the patients are generally very sick and do not get off the bed, but when they come to wards, many of them move about in the room.

A Modified Early Warning Score (MEWS) is used for monitoring of clinical degradation of a patient's illness. The MEWS chart is usually generated using the vitals collected. This again is done manually and is prone to errors.

We introduced a system of monitoring that is a wearable device for the collection of ECG and Heart Rate, Respiration Rate, Oxygen Saturation and pulse rate, and Body temperature. This device is wireless and transmits the data via Bluetooth to a receiver near the patient's bed and then via WiFi to a central nursing station where the data is displayed continuously. During COVID, this system was used extensively to reduce unnecessary exposure of Health Care Workers with patients.

Oncology Care

Despite having significant challenges in almost all the areas, Oncology care was a bright spot. Last year we talked about our consolidated approach on Oncology care through Collegium. By leveraging hyper-specialisation, technology aided collaboration, advancement in care protocol we have been able to create this vertical as one of our core offering. The investment of effort that we made in Oncology care is showing in the below result. Many of our oncology related procedure went up despite having significant less footfall.

10%
Brain Tumor Removal

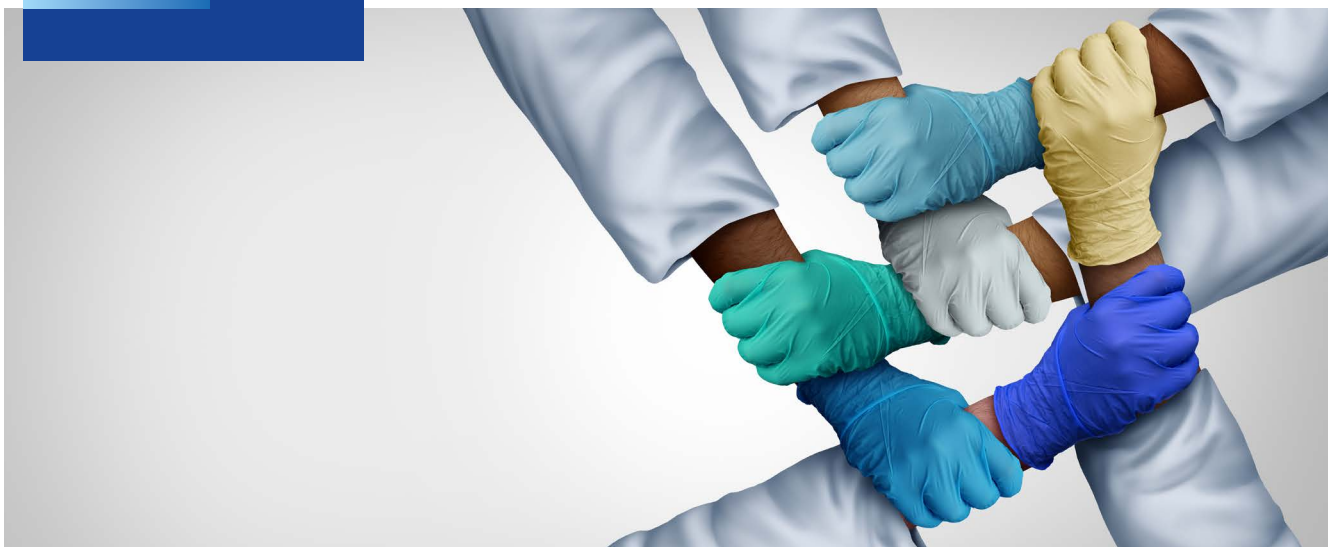
72%
Resection

44%
Stereotactic Body Radiotherapy

6%
Intensity-Modulated Radiation Therapy

For any Healthcare organizations, Patient experience, Employee Engagement and Perception of safety is very important aspects to focal attention for improving Quality and patient safety. Different studies have suggested that organizations seeking to improve patient experience, culture of safety and employee engagement, have gained synergistic benefit. As per AHRQ, Culture of safety is affected by event reporting, communication, patient safety leadership, staffing, and accreditation. Similarly, engagement depends on personal and organizational factors such as leadership, teamwork effectiveness, workload, and job satisfaction and focus on both leads to better correlation in enhancing patient experience.

Quality and Standard of Care



Standard System of care have always been a primary focus of Narayana Health to ensure the compliance, Internal and external monitoring systems are very robust. Units within the Group are accredited by National Accreditation Board for Hospital and Healthcare providers (NABH) and Joint Commission International (JCI). Laboratory services and blood bank are also in compliance with National Accreditation Board for Testing and Calibration Laboratories (NABL)

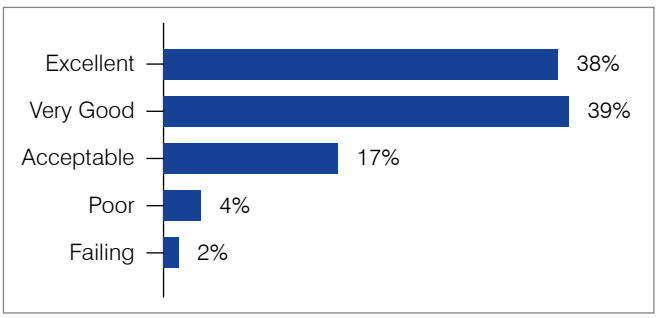
Internal Audit Programme to monitor patient safety aspects and process compliance is comprehensive and entire system is getting digitized by using ODITLY application which provide Dashboard and Score board for all level of employee which provide learning and improvement opportunities at the level of clinical unit, department, and hospital wide.

Disease specific Clinical Pathways have also been introduced to standardized care across Group. Pathways starts from initial symptom presentation, through clinical assessment, investigations and examinations, diagnostic conclusion, timely treatment, monitoring of treatment outcomes and evaluation of complications, to patient recovery. Many efforts have been also taken to improve communication through Interdisciplinary Rounding Collaboration among the care team, patients and their families increases the chance for successful outcomes and earlier discharges, with fewer complications.

Culture of safety

At NH, we continually strive to improve patient safety and quality and hospital leadership recognizes the importance of establishing a culture of patient safety. Patient safety culture refers to the beliefs, values, and norms shared by healthcare practitioners and staff throughout the organization that influence their actions and behaviours. Patient safety culture can be measured by determining what is important and what attitudes and behaviours are rewarded, supported, expected, and accepted, regarding patient safety and as a part of Quality and Patient safety program, Narayana Health conducts a Group wide Annual culture of safety assessment to understand perception of employees regarding overall safety.

Response of the safety survey



Employee Engagement

Narayana Health focus of employee engagement is ensured through culture of patient-experience ownership, Reward/recognition programme and Lean initiatives and collaboration with Quality and Risk Management teams. NH is planning to initiate Practice Environment Scale of the Nursing work index (PES-NWI) which is an instrument to measure the nursing practice environment - defined as factors that enhance or attenuate a nurse's ability to practice nursing skilfully and deliver high quality care.

Experience of Care

Obtaining feedback from patient is one of the effective ways to enable Narayana Health and its hospitals to achieve the objective of providing quality patient-centred services to meet the needs of the Patients. Complaints and appreciation also serve as useful indicators of patient satisfaction.

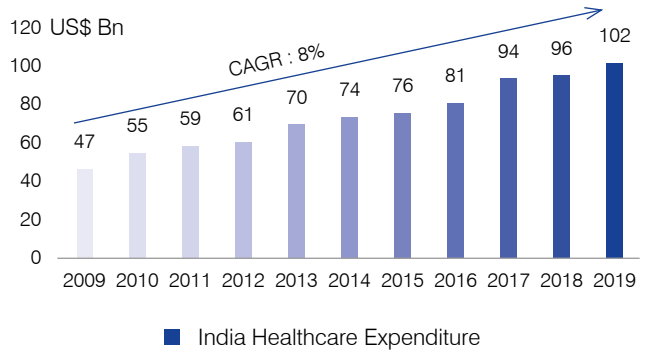
Feedback from all the sources is captured, tracked, and analysed for improvement of service. Entire Feedback system is digitized with System wide dashboards which generate specific attention on the lower performing units with actionable plans to improve the patient experience

Analytics are used to compare patient experience across units, locations, and providers to derive best practices and areas of improvement. We evaluate specific details around areas of concern that patients have through individual surveys. Provide automated weekly updates of patient experience which enable access to timely and detailed customer survey information across NH.

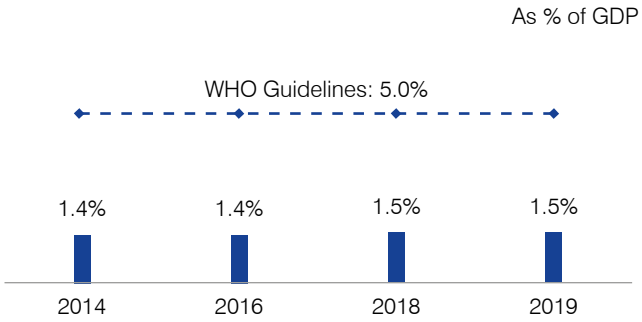
Management Discussion & Analysis Report

India Healthcare Industry Snapshot

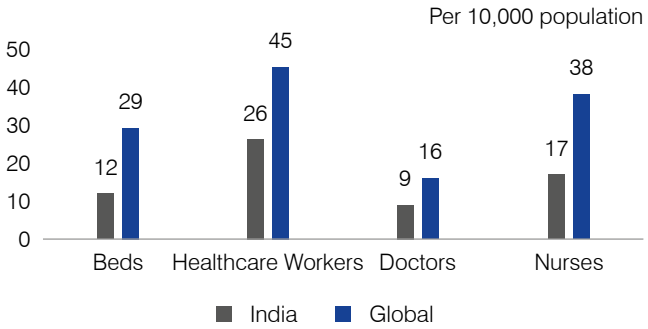
Healthcare expenditure has grown at 8% CAGR in the last 10 years



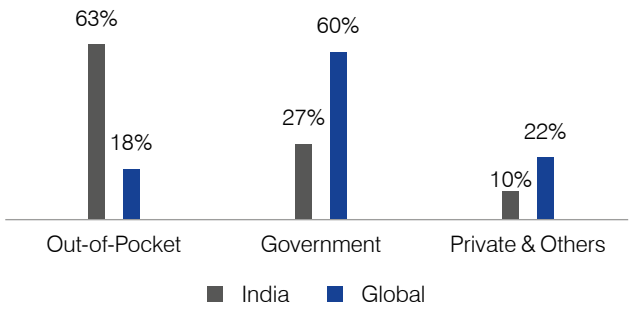
India's spends on healthcare remains low compared to global average



Structural deficiencies in supply – the country lags on all key parameters – beds, doctors and nurses



High out-of-pocket spends, low government participation presents opportunity for private players



Key Pain points

Government spends on healthcare is one of the lowest in the world

Government outlay remains at ~1.5% of GDP which is way low compared to global average of 5.0%

Dearth of Qualified Medical Professionals

According to the National Medical Commission, there are ~12.6 lakh doctors (~10 lakh active) in India, which translates to a ratio of 1 active doctor for every 1,343 people vs. WHO norm of 1:1,000

Structural Deficiencies - Inadequate Healthcare Infrastructure

India's share in global disease burden is high at 20% but its share in health infrastructure is much lower at low-to-mid single digit.

Key Growth Drivers

India's Burgeoning Middle Class

India's middle class rising income level, urbanization, shift in disease profile to provide much-needed boost to healthcare spends

India Emerging as a Medical Tourist Destination

Indian medical tourism industry is US$ 9 Billion in size and number of international patients could increase 4.5X to 3 Million by 2030

Low Private Insurance Penetration

Access to premium private healthcare services is limited to only ~10% of the population leading to high out-of-pocket spends

Source: HDFC Securities Research

NH Consol P&L Review

Operating Income

NH India

The company's revenue from operations decreased from ₹ 26,940 Million in 2019-20 to ₹ 20,706 Million in 2020-21 on account of nation-wide lockdown in the wake of COVID-19 virus. Subsequent restrictions in the form of halt of international flights operations and inter-state mobility led to a severe drop in patients' footfall thus resulting into a significant dip in revenues, majorly in the first half of the fiscal.

HCCI

The facility's revenue from operations increased from US$ 61.1 Million in 2019-20 to US$ 68.6 Million in 2020-21. This increase of 12.3% is attributable to strong pick up in patients' footfall as the facility is getting decent traction from neighbouring islands leading to higher growth in the business. Also, local affluent patients who used to travel to the US for treatment, visited our facility due to travel restrictions imposed by the US government.

Cost of Material Consumed

NH India

The cost of material consumed (purchase of medical consumables, drugs and surgical equipment and changes in inventories of medical consumables, drugs and surgical equipment) decreased from ₹ 6,617 Million in 2019-20 to ₹ 5,920 Million in 2020-21 as the revenues from operations got significantly impacted due to COVID-19 virus spread.

Consumables as a % of revenues increased from 24.6% in 2019-20 to 28.6% in 2020-21 due to lesser contribution of high-yield business such as international medical tourism and also due to lesser footfalls in tertiary specialities such as cardiac, GI sciences, etc. Low-yield COVID-19 treatment which entails increased use of consumables such as surgical gloves, PPE kits and other protective gears also led to an increase in consumption.

HCCI

The cost of material consumed (purchase of medical consumables, drugs and surgical equipment and changes in inventories of medical consumables, drugs and surgical equipment) decreased from US$ 12.1 Million in 2019-20 to US$ 11.4 Million in 2020-21 with consumables as a % of revenues decreasing from 19.8% in 2019-20 vis-à-vis 16.5% this year.

Manpower Expenses (Employees Benefits + Prof. Fees paid to doctors)

NH India

The total manpower expenses including professional fees paid to doctors decreased from ₹ 11,552 Million in 2019-20 to ₹ 9,927 Million in 2020-21. This drop in manpower expenses is due to salary adjustments announced by the company to control costs as the business got severely impacted due to the pandemic-induced nation-wide lockdown. Adding to this was the fear amongst patients to visit hospitals at a time of pandemic. Sharp drop in revenues resulted in manpower expenses as a % of operating income increasing from 42.9% 2019-20 to 47.9% 2020-21.

HCCI

The total manpower expenses including professional fees paid to doctors have decreased marginally from US$ 20.5 Million in 2019-20 to US$ 19.2 Million in 2020-21 due to reduction in salaries of the staff in the wake of disruption in business due to the COVID-19 pandemic.

Other Expenses (Overheads)

NH India

The other expenses of the Company at the India business level have decreased from ₹ 5,599 Million in 2019-20 to ₹ 4,913 Million in 2020-21. Some of the key heads and the movement of expenses across each is explained below:

Operating Rent/Revenue Share

The operating rent/revenue share decreased from ₹ 442 Million (1.6% of total operational revenue) in 2019-20 to ₹ 234 Million (1.1% of total operational revenue) in 2020-21. This decrease is due to lesser revenue shared with hospital partners (Owner/promoter of the facilities we are running on revenue share basis) on account of reduced operating income and also due to lesser utilisation of medical equipment which are operated under pay per use model leading to lower payout to equipment provider.

Repair and Maintenance

The repair and maintenance expenses have marginally increased from ₹ 931 Million in 2019-20 to ₹ 1,072 Million.

Power and Fuel

The overall power and fuel cost decreased from ₹ 676 Million in 2019-20 to ₹ 615 Million in 2020-21 as we implemented cost control measures across the board.

Business Promotion and Advertisements

These expenses were ₹ 794 Million for 2019-20 and ₹ 538 Million for 2020-21 as we reduced our marketing spend so as to optimise the cost structure due to COVID-19 induced impact on the business.

HCCI

The other expenses of the unit have decreased from US$ 13.5 Million in 2019-20 to US$ 12.1 Million 2020-21 as we cut down on our cost to minimise our spend.

EBITDA

NH India

The company registered an EBITDA of ₹ 199 Million in 2020-21 for its India business as compared to ₹ 3,395 Million we achieved in 2019-20. India business was severely impacted due to nation-wide lockdown in the wake of COVID-19 virus. Our core business in the form of high-end procedures/surgeries dropped sharply as patients fearing the spread of infection stopped visiting the hospitals. Our flagship centres at Bengaluru and Kolkata were affected the most as these facilities drive a major chunk of their business from inter-state and international patients who stopped visiting the centres due to travel restriction. However, our centres in hinterland regions were relatively less impacted and picked up traction quickly soon after the end of lockdown helping us recover. Significant operational losses in the first quarter and tepid recovery in the subsequent periods i.e. Q2 and Q3 of 2020-21 led to a major drop in EBITDA. However, business picked up strongly in the last quarter of the fiscal.

HCCI

Facility's EBITDA increased from US$ 15.1 Million in 2019-20 to US$ 26.2 Million in 2020-21 reflecting a YOY growth of 73.6% on the back of increased proportion of high-net-worth Caymanian patients coming to our facility for quaternary care who historically were going to the US for medical care thus helping us register strong profitability.

Finance Cost

NH India

Finance cost decreased from ₹ 734 Million in 2019-20 to ₹ 648 Million in 2020-21 as our borrowings came down vis-à-vis last year.

NH Consol Balance Sheet Review

	2019-20			2020-21		
	NH India (₹ Million)	NCHL Consol (US$ Million)	NH Consol (₹ Million)	NH India (₹ Million)	NCHL Consol (US$ Million)	NH Consol (₹ Million)
Borrowings	5,046	28.2	7,178	4,491	23.1	6,178
Trade Payables	3,217	5.3	3,616	3,664	6.0	4,103
Gross Tangible Assets	20,171	60.0	24,707	20,580	61.0	25,044
Trade Receivables	1,946	8.9	2,622	1,944	11.5	2,785
Inventories	386	2.9	602	243	3.2	478

Borrowings

NH India

Total Borrowings decreased from ₹ 5,046 Million as on 31st March 2020 to ₹ 4,491 Million as on 31st March 2021 despite a significant drop in revenues as we implemented certain cost control measures such as salary cuts, reduced marketing spends, etc. Better working capital management ranging from strong institutional collection, restructuring the payment terms with our vendors, etc also helped manage the situation.

NCHL

Total Borrowings came down from US$ 28.2 Million as on 31st March 2020 to US$ 23.1 Million as on 31st March 2021, this is in line with the repayment schedule of the term loan from First Caribbean International Bank.

Trade Payables

NH India

The trade payables have increased from ₹ 3,217 Million as on 31st March 2020 to ₹ 3,664 Million as on 31st March 2021. This increase is on account of us having re-negotiated certain contracts with our vendors to optimise our working capital requirement by extending the payment cycle due to cash crunch as the business was impacted severely due to lockdown and other restrictions.

NCHL

The trade payables increased from US$ 5.3 Million as on 31st March 2020 to US$ 6.0 Million as on 31st March 2021. This increase is line with the uptick in revenues.

Assets

Gross Block

NH India

Gross Block (tangible assets) increased from ₹ 20,171 Million as on 31st March 2020 to ₹ 20,580 Million as on 31st March 2021. Bulk of this increase is attributed towards investment in medical equipment across our network to strengthen our clinical offerings so as to provide quaternary care.

NCHL

Gross Block (tangible assets) increased slightly from US$ 60.0 Million as on 31st March 2020 to US$ 61.0 Million as on 31st March 2021.

Trade Receivables

NH India

The trade receivables (net of provision for doubtful receivables) remained flat from ₹ 1,946 Million as on 31st March 2020 to ₹ 1,944 Million as on 31st March 2021.

NCHL

The trade receivables (net of provision for doubtful receivables) increased from US$ 8.9 Million as on 31st March 2020 to US$ 11.5 Million as on 31st March 2021. This increase in receivables is in line with increase in revenues of the facility.

Inventories

NH India

The inventory decreased from ₹ 386 Million as on 31st March 2020 to ₹ 243 Million as on 31st March 2021 as we implemented certain measures to optimise our working capital requirement in light of the uncertainty about the business recovery.

NCHL

The inventory increased from US$ 2.9 Million as on 31st March 2020 to US$3.2 Million as on 31st March 2021 as the company is maintaining increased volume of the stock due to supply chain disruptions because of the pandemic and also due to uptick in the business.

Material developments in Human Resources / Industrial Relations front, including number of people employed

2020-21 was a very challenging time for the HR function with the advent of the COVID-19 pandemic. We maintained to keep ourselves abreast of market forces to ensure that we provide our employees an organisational environment that is designed to engage and motivate employees and help them deliver superior performance at work. The focus was to provide a safe working environment for our employees, while they were treating patients.

The NH brand continues to carry a respectable goodwill in the field of Healthcare delivery and is one of the most sought-out workplaces for good talent. Being spread across geographical locations have helped us to leverage our expertise across the group entities.

The Company also recognises the importance of Human Resources Development and in the context of programmes on training and development of the employees which continues to be an important focus area have been undertaken. The Company acknowledges the value every employee brings with him / her and continuously strives to nurture competence and potential. Trainings continue to be conducted for both Clinical and Non-Clinical areas which has helped us raise the quality of performance and output.

Considering the advent of the pandemic, this fiscal, all training sessions were transitioned to online method of delivery, thus ensuring that people got an option to update their skills at their own time, in their secured environment.

As an organisation, we believe in being compliant with all statutes and labour-related acts, we also ensure that our partners and vendor organisations who work as an integrated part of NH are also following the same standards of compliance.

Training and Development

At NH we continue to invest significantly in training of our workforce on a continuous basis. While there were significant challenges faced with the advent of COVID-19, last year, the Learning and Development (L&D) function, managed to deliver several programmes on safety, hygiene, and managing during the COVID-19 crisis, through a digital platform “NH Excelerate”. We have also continued to invest in developing the senior and midlevel leadership to build skills and competency on operational excellence, cross-functional skill development, core leadership skill development and interpersonal & communication skills.

During the year, the L&D Team rolled out specific initiatives that are aimed at enhancing the customer experience, through service excellence.

Recruitment

Despite the pandemic, this year saw the best available talent, especially among doctors coming on board at many of our units. We have also fulfilled key positions in core clinical areas of expertise that were started in several units. Recruitment of nursing

talent continued to be a core challenge for the team, where we have managed to maintain our position as the most-sought after place to work for nurses.

Compensation

Being a vital function of Human resources, our compensation strategies ensure there is a balance in work-employee relation by providing competitive monetary and non-monetary benefits which are as per market standards. As part of the strategy, we review market forces to align the compensation philosophy of the organisation, thereby providing all associates with a good balance of compensation and benefits. This year, we have benchmarked salaries against market and implemented a significant correction to roles like nursing, which are critical and core to the success of the hospital.

Risks and Concerns

Risks are an unavoidable and integral part of any enterprise. Efficient management of business risks is a key factor that determines growth, profitability and at times, even survival. In the last few years, the healthcare industry in India has been witnessing increased consolidation even among the larger players. Further, Government intervention, by way of an active regulatory regime, be it in terms of price control or capping of margins on medicines and implants has been stepped up. State and Central Healthcare coverage schemes are also impacting industry margins.

At NH, we continue to strive for a focussed approach on risk identification, management and mitigation. We are documenting operational risks and concerns at the unit level as well as the strategic and financial risks at the enterprise level in the form of a robust risk register. The aim is to improve responsibility accounting and bring the right stakeholders to focus on appropriate risk mitigation and monitoring measures at various levels within the organisation.

Internal Control Systems and their adequacy

The Company has Internal Control Systems, commensurate with the size, scale and complexity of its operations. The Board of Directors has laid down internal financial controls to be followed by the Company and the policies and procedures to be adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies and compliance with all applicable Laws, Rules and Directives from any Statutory or Regulatory Authority, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

The Audit, Risk and Compliance Committee, comprising of three independent directors of the Company, reviews the effectiveness of the Company's financial controls and other internal controls and risk management systems and processes (including those relating to compliance with all applicable laws and regulations) to ensure that they are robust and have been appropriately developed, implemented and maintained so that financial, compliance and other risks are identified, assessed, mitigated and controlled. They are aided in this task by an Internal Audit Team which continually evaluates the existing internal controls, providing feedback on its effectiveness and recommendations on possible improvements to the Operational and Executive Management team. The key findings are reported on a quarterly basis to the Audit, Risk and Compliance Committee for in-depth review and follow-up on appropriate resolutions of critical issues.

Key Financial Ratio Analysis

Standalone

Ratios	2020-21	2019- 20	Movement	Remarks
i) Debtors Turnover	3.18	3.61	-11.9%	
(ii) Inventory Turnover	15.66	12.68	23.5%	
(iii) Interest Coverage Ratio	1.63	8.62	-81.1%	Reduced profitability due to COVID
(iv) Current Ratio	0.60	0.72	-16.3%	
(v) Debt Equity Ratio	0.36	0.37	-2.5%	
(vi) Operating Profit Margin (%)	-4.5%	6.8%	-166.2%	Reduced profitability due to COVID
(vii) Net Profit Margin (%) or sector-specific equivalent ratios, as applicable.	-4.5%	3.0%	-251.9%	Reduced profitability due to COVID
(viii) Details of any change in Return on Net Worth	-7.2%	5.8%	-224.3%	Reduced profitability due to COVID

Consolidated

Ratios	2020-21	2019- 20	Movement	Remarks
i) Debtors Turnover	3.87	3.94	-1.7%	
(ii) Inventory Turnover	10.35	9.15	13.2%	
(iii) Interest Coverage Ratio	4.85	8.78	-44.8%	Reduced profitability due to COVID
(iv) Current Ratio	0.95	0.97	-2.9%	
(v) Debt Equity Ratio	0.55	0.63	-12.7%	
(vi) Operating Profit Margin (%)	1.0%	8.3%	-87.6%	Reduced profitability due to COVID
(vii) Net Profit Margin (%) or sector-specific equivalent ratios, as applicable.	-0.5%	3.8%	-114.5%	Reduced profitability due to COVID
(viii) Details of any change in Return on Net Worth	-1.28%	10.48%	-112.2%	Reduced profitability due to COVID

Board's Report

Dear Members,

Your Directors have immense pleasure in presenting their 21st Annual Report on the business and operations of the Company along with the audited financial statements for the financial year ended March 31, 2021.

1. FINANCIAL SUMMARY/HIGHLIGHTS, PERFORMANCE AND STATE OF AFFAIRS OF THE COMPANY

(₹ in Million, except per share data)

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Income				
Revenue from Operations	25,823.46	31,278.09	16,539.29	22,393.51
Other Income	281.76	237.64	764.99	241.42
Total Income	**26,105.22**	**31,515.73**	**17,304.28**	**22,634.93**
Total Expenditure*	**24,002.42**	**27,048.99**	**16,850.49**	**19,826.60**
Earnings Before Interest, Tax, Depreciation and Amortisation and Exceptional items	**2,102.80**	**4,466.74**	**453.79**	**2,808.33**
Less: Interest & Depreciation	2,595.10	2,710.69	1,663.65	1,768.29
Less: Exceptional items	-	(108.70)	-	-
Profit/(Loss) before tax	(492.30)	1,647.35	(1,209.86)	1,040.04
Less: Income Tax	(412.73)	422.53	(423.13)	362.61
Profit/(Loss) After Tax	**(74.57)**	**1,224.82**	**(786.73)**	**677.43**
Add: Share of Profit/(Loss) in Associate (Net)	(68.37)	(34.30)	-	-
Profit/(Loss) for the year	**(142.94)**	**1,1920.52**	**(786.73)**	**677.43**
Add: Other Comprehensive Income	(20.17)	46.58	18.02	(46.00)
Net Profit/(Loss)	**(163.11)**	**1,237.10**	**768.71**	**631.43**
Earnings Per Share (Basic)	**(0.70)**	**5.86**	**(3.88)**	**3.34**
Earnings Per Share (Diluted)	**(0.70)**	**5.86**	**(3.88)**	**3.34**

*Expenses before depreciation and amortisation, finance costs and exceptional items.

2. PERFORMANCE OVERVIEW

Standalone Operations

- During the year under review, the total income of the company decreased from ₹ 22,634.93 Million in 2019-20 to ₹ 17,304.28 Million in 2020-21.
- Earnings Before Interest, Tax, Depreciation and Amortization and Exceptional Items decreased from ₹ 2,808.33 Million in 2019-20 to ₹ 453.79 Million in 2020-21.
- The company incurred loss of ₹ 786.73 Million in 2020-21 vis-a-vis profit of ₹ 677.43 Million in 2019-20.

Consolidated Operations

- During the year under review, the total income of the company decreased from ₹ 31,515.73 Million in 2019-20 to ₹ 26,105.22 Million in 2020-21.
- Earnings Before Interest, Tax, Depreciation and Amortization and Exceptional Items decreased from ₹ 4,466.74 Million in 2019-20 to ₹ 2,102.80 Million in 2020-21.
- Profit for the year decreased from ₹ 1,190.52 Million in 2019-20 to loss of ₹ 142.94 Million in 2020-21.

Your Company continues to emphasise on maintaining the highest standards of clinical excellence, patient care and satisfaction. With regards to accountability and governance, your Company continues to ensure an environment of transparency and responsibility while aiming for the highest standards of corporate governance and trust.

3. TRANSFER TO RESERVES

Dividend and transfer to reserves

Based on the Company's performance, the Board has not recommended any dividend for the financial year under review.

Pursuant to SEBI's notification dated July 8, 2016, the Board of Directors of the Company have formulated a Dividend Distribution Policy ("the policy"). The policy is also available on our website (URL: https://www.narayanahealth.org/sites/default/files/download/codes-policies/DIVIDEND-DECLARATION-POLICY-website.pdf).

4. SUBSIDIARY AND ASSOCIATE COMPANIES

Review of performance of Subsidiaries and Associate Companies

As on March 31, 2021, the Company has 11 Subsidiary Companies and 2 Associate Companies. Pursuant to Certificate of Merger issued by the office of Registrar of Companies, Cayman Islands, effective April 1, 2021, our wholly owned subsidiary company Narayana Cayman Holdings Ltd. has merged with its step-down subsidiary, Health City Cayman Islands Ltd. Consequently, the Company currently has 10 Subsidiary Companies and 2 Associate Companies. Except Health City Cayman Islands Ltd., none of the other subsidiary companies is a Material Subsidiary within the meaning of Material Subsidiary as defined under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the Financial Statements of the Company's Subsidiaries and Associates in Form AOC-1, that forms part of this Report is attached as **Annexure I**.

Pursuant to Section 129 of the Companies Act, 2013, the Consolidated Financial Statements of the Company, prepared in accordance with the relevant Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Rules made thereunder, forms part of this Annual Report.

Further, pursuant to provisions of Section 136 of the Companies Act, 2013:

i. The Annual Report of the Company, containing therein its standalone and consolidated financial statements are available on the Company's website i.e., https://www.narayanahealth.org/stakeholder-relations/annual-reports.

ii. The audited financial statements of Subsidiary Companies are available on the website of the Company i.e., https://www.narayanahealth.org/stakeholder-relations/annual-reports.

The brief details of all the Subsidiary and Associate Companies are as follows:

i. Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL)

NHSHPL is a wholly owned subsidiary of the Company and is engaged in the business of operating and maintaining hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary operates a multispecialty hospital in Mysore, offering a wide range of services across specialties, which includes cardiology, cardiac surgery, nephrology, urology, neurology, neuro-surgery, endocrinology, orthopedics, internal medicines, obstetrics, gynecology, pediatrics, neonatology, gastroenterology and oncology to name a few. The subsidiary also operates and runs the Dharamshila Narayana Superspecialty Hospital in Delhi under a Service Agreement with Dharamshila Cancer Foundation and Research Centre. Further, other financial information is included in Form AOC-1.

ii. Meridian Medical Research & Hospital Limited (MMRHL)

MMRHL is a subsidiary of the Company and is engaged in the business of operation of hospitals, clinics, health centers, and other related activities. This subsidiary operates two hospitals in Howrah offering multispecialty and super-specialty healthcare services which includes nephrology, urology, neurology, neurosurgery,etc. Further, other financial information is included in Form AOC-1.

iii. Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)

NVDSHPL is a wholly owned subsidiary of the Company and is engaged in the business of providing healthcare services of superior quality with state-of-the-art technology, clinics, health centers, diagnostic centers and other related activities. This subsidiary operates a hospital at Kakryal near Katra in Jammu which caters to patients across more than 20 different specialties, with radiology, obstetrics & gynecology, oncology, etc. Further, other financial information is included in Form AOC-1.

iv. Narayana Hospitals Private Limited (NHPL)

NHPL is a wholly owned subsidiary of the Company and is authorised to engage in the business of operation of hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary is yet to commence operations. Further, other financial information is included in Form AOC-1.

v. Narayana Institute for Advanced Research Private Limited (NIARPL)

NIARPL is a wholly owned subsidiary of the Company and is authorised to engage in the business of research and development work connected with faculty of medicines and operation of hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary is yet to commence operations. Further, other financial information is included in Form AOC-1.

vi. Narayana Health Institutions Private Limited (NHIPL)

NHIPL is a wholly owned subsidiary of the Company and is authorised to engage in the business of running medical colleges and operation of hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary is yet to commence operations. Further, other financial information is included in Form AOC-1.

vii. NH Health Bangladesh Private Limited (NHBPL)

NHBPL is a step-down subsidiary of the Company, incorporated on July 22, 2018 and is authorised to engage in the business of running and operation of hospitals, clinics, health centers, nursing homes and other related activities. NHBPL has commenced the operation of a Heart Centre in Bangladesh during the financial year 2019-20. Further, other financial information is included in Form AOC-1.

viii. Narayana Cayman Holdings Limited (NCHL)

NCHL was a wholly owned subsidiary of the Company with the power and authority to carry out any object not prohibited by the Companies Law of the Cayman Islands. Further, other financial information is included in Form AOC-1. This subsidiary has ceased to exist from April 1, 2021 pursuant to its merger with Health City Caymans Islands Ltd.

ix. Narayana Holdings Private Limited (Narayana Holdings)

Narayana Holdings Private Limited, Mauritius is 100% step-down subsidiary of the Company incorporated in the Republic of Mauritius in April, 2016. Further, other financial information is included in Form AOC-1.

x. Health City Cayman Islands Limited (HCCI)

HCCI is a Company incorporated in Cayman Islands and operates a hospital in Cayman Islands. HCCI was a 100% step down subsidiary of the Company during the year under review. HCCI is a Material Subsidiary within the meaning of Material Subsidiary as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. HCCI became a direct wholly owned subsidiary of the Company effective April 1, 2021 pursuant to merger of its immediate holding company NCHL with HCCI. Further, other financial information is included in Form AOC-1.

xi. Narayana Health North America LLC

Narayana Health North America LLC is a subsidiary Company incorporated in Delaware, United States of America on April 9, 2019. The Company commenced its operations during the year. Further, other financial information is included in Form AOC-1.

Associate Companies

i. Cura Technologies Inc (Cura)

Cura is an Associate Company incorporated in the State of Delaware, USA, in which the Company holds 43.80% of common stock of the Associate Company through NCHL and the remaining shares are held by Mr. Samir Mitra and others. This company is engaged in the business of developing software and technology to transform delivery of patient care. Further, other financial information is included in Form AOC-1.

ii. ISO Healthcare

ISO Healthcare is an Associate Company incorporated in Mauritius in which the Company holds 18.52% of the equity shares through its step-down subsidiary Narayana Holdings. Further, other financial information is included in Form AOC-1

The Company has adopted a Policy for determining Material Subsidiaries in line with Regulation 16 of the SEBI Listing Regulations. The Policy, as approved by the Board, is uploaded on the Company's Website (URL: https://www.narayanahealth.org/sites/default/files/download/codes-policies/Policy_for_material_subsidiary.pdf)

5. SHARE CAPITAL

As on March 31, 2021, the Authorized Share Capital of the Company is ₹ 3,800.00 Million comprising of 30,90,00,000 Equity Shares of ₹ 10 each and 7,10,00,000 Preference Shares of ₹ 10 each. The Paid-up Share Capital is ₹ 2,043.61 Million comprising of 20,43,60,804 Equity Shares of ₹ 10 each.

6. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the Directors would like to state that:

i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any.

ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The Directors have prepared the annual accounts on a going concern basis.

v) The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.

vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant Board Committees, including the Audit, Risk and Compliance Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2020-21.

7. BOARD OF DIRECTORS AND COMMITTEES

Composition of Board of Directors and changes thereof

As on March 31, 2021, the composition of your Company's Board has an ideal combination of Executive, Non-Executive and Independent Directors and thereby ensuring separation of management and governance while maintaining its independence. In compliance with the terms of the SEBI Regulations, Independent Directors constitute more than 50% of the Board strength including an independent woman director as required to be appointed by top 500 listed entities.

Type of Directorship	From January 18, 2021		Upto January 17, 2021	
	No. of Directors	% of Board Strength	No. of Directors	% of Board Strength
Executive Directors	3	33.33%	3	30.00%
Non-executive & Non-independent Directors	1	11.11%	1	10.00%
Independent Directors	5	55.55%	6	60.00%
Total	**9**	**100.00%**	**10**	**100.00%**

The Composition of the Board and Committees of the Board along with the changes in composition during the year is detailed in the Corporate Governance Report which forms a part of this Report.

Resignation

During the year under review, Mr. Manohar D Chatlani resigned from the position of Independent Director of the Company with effect from January 18, 2021.

Retirements

Mr. Viren Prasad Shetty, Whole-time Director and Group COO is retiring by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel (KMPs) of the Company are:

Sl. No.	Name of the KMPs	Position held in the Company
1.	Dr. Emmanuel Rupert	Managing Director and Group CEO
2.	Mr. Kesavan Venugopalan	Group Chief Financial Officer
3.	Mr. Sridhar S	Group Company Secretary, Legal & Compliance Officer

Committees and their Constitution

As required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has formed four Committees viz, Stakeholders' Relationship Committee, Audit, Risk and Compliance Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee and the details of membership of the Committees are disclosed in Corporate Governance Report which forms a part of Board's Report.

Keeping in view the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Board reviews the Terms of Reference of these Committees and the nomination of Board Members to various Committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

Number of meetings of the Board

The meetings of the Board are scheduled at regular intervals to decide and discuss on the business performance, policies, strategies and other matters of significance. The schedule of the meetings is circulated in advance to ensure proper planning and effective participation in meetings. In certain exigencies, decisions of the Board are also accorded through circulation.

The Board during the financial year under review met six (6) times. Detailed information regarding the meetings of the Board and meetings of the Committees of the Board is included in the Report on Corporate Governance which forms a part of Board's Report.

8. COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 is uploaded on the Company's Website (URL:https://www.narayanahealth.org/sites/default/files/download/codes-policies/Nomination-and-Remuneration-Policy.pdf).

9. DECLARATION BY INDEPENDENT DIRECTORS OF THE COMPANY

A declaration of independence in compliance with Section 149(6) of the Companies Act, 2013, has been taken on record from all the Independent Directors of the Company.

10. PERFORMANCE EVALUATION OF DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulations 17 and 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, evaluation of performance of every director, Board and the Chairman was carried out by the Nomination and Remuneration Committee. The Chairman of the respective committees reviewed the performance of the respective committees. The performance evaluation of Non-Independent Directors and Board as a whole, Committees thereof and Chairman of the Company was also carried out by the Independent Directors through a separate meeting of the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated.

The evaluation was carried out on the basis of response of the Directors to a structured questionnaire covering various aspects of Board performance such as Board composition and expertise, Board oversight, strategy and direction, Corporate Governance and Board administration, Board oversight during COVID-19 and inputs shared by the Directors at the meeting.

11. RELATED PARTY TRANSACTIONS

The Company has taken necessary approvals as and when required as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the transactions entered into with the Related Parties are stated in the notes to accounts, and also in Form AOC-2 as prescribed under the Companies Act, 2013 which is annexed herewith as **Annexure II**.

12. CORPORATE SOCIAL RESPONSIBILITY

Your Company has formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at (URL: https://www.narayanahealth.org/sites/default/files/download/nh_investor_relations/Corporate-Social-Responsibility-Policy.pdf).

Your Company is building a robust support structure to empower the less privileged sections of society. Through its community outreach programs, your Company is building the infrastructure necessary to bring about the changes to ensure improved health and well-being for the community. As a responsible corporate citizen, your Company undertook several social welfare initiatives during the year under review. The Annual Report on CSR activities for 2020-21 as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure - III** and forms integral part of this Report.

13. PARTICULARS OF EMPLOYEES

The statement containing particulars in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Annual Report and is appended herewith as **Annexure IV** to the Boards' Report.

The statement containing particulars in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Annual Report. Considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the aforesaid information, is being sent to the Members of the Company and others entitled thereto. The said information is available for inspection at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy thereof, may write to the Secretarial Team of the Company in this regard.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is detailed in **Annexure V**

15. CORPORATE GOVERNANCE

Your Company places utmost importance on its fiduciary role as a guardian of stakeholders' interest and strives to achieve a mutually aligned objective of value and wealth creation for all interested parties. The Board and the Management humbly acknowledges this role and continues to propagate this belief through all layers of the organization to create an environment of accountability and trust.

These responsibilities continue to be the focus of its attention through the tumultuous ride along the path of expansion, ensuring the highest standards of ethics and integrity in all its business dealings while avoiding potential conflicts of interest. The result of this is a corporate structure which serves its ever-expanding business needs while maintaining transparency and adherence to the above stated beliefs.

A Report on Corporate Governance, including Certificate from CEO and CFO as per Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been appended as **Annexure - VI** and forms integral part of this Report.

Further, a certificate from M/s. Ganapathi and Mohan, (Firm Registration Number P2002KR57100), Bengaluru, affirming the compliance with the various provisions of the Corporate Governance as stipulated under Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this Report as **Annexure VII**.

16. BUSINESS RESPONSIBILITY REPORT

The Board of Directors of the Company has adopted the Business Responsibility Policy of the Company at its meeting held on May 29, 2017 which is available on our website i.e., https://www.narayanahealth.org/sites/default/files/download/codes-policies/Business-Responsibility-Policy.pdf

Details of the various initiatives taken by the Company towards the wellbeing of consumers, employees and the equitable development of the society at large, sustainability of the environment, etc., are given separately in the Business Responsibility Report attached in **Annexure VIII**.

17. AUDITORS

A. Statutory Auditors

M/s. Deloitte Haskins & Sells LLP (Firm Registration Number 117366W/W-100018), Chartered Accountants, Bengaluru are the statutory auditors of the Company who were appointed at the 17th Annual General Meeting of the Company held on August 3, 2017 for a period of 5 years.

Auditor's Report

The Auditors' have issued an unmodified Report for the year ended March 31, 2021 and hence, do not call for any comments from the Management under Section 134 of the Companies Act, 2013.

B. Cost Auditors

The Board has approved the appointment of M/s. PSV & Associates, Cost Accountants having Firm Registration Number 000304, as the Cost Auditor of the Company for the financial year 2021-22, at a remuneration of ₹3,00,000 (Rupees Three lakhs) only, exclusive of taxes and reimbursement of out-of-pocket expenses incurred, if any, in connection with the cost audit.

The Board of Directors of the Company proposes the ratification of remuneration of M/s. PSV & Associates, Cost Accountants as the Cost Auditor of the Company, for financial year 2021-22 at the ensuing Annual General Meeting.

C. Secretarial Auditor

The Company has appointed M/s. Ganapathi and Mohan, (Firm Registration Number P2002KR57100), Practicing Company Secretaries to undertake the Secretarial Audit of the Company for financial year 2020-21. The Report of the secretarial audit is annexed herewith as **Annexure IX**.

Pursuant to Regulation 24A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a Company Secretary in Practice. The Company in this regard, has received the secretarial audit report from M/s. Ganapathi & Mohan, Practicing Company Secretaries, having their office at No. 31, Vidya Bhavan, 3rd Floor, West Anjaneya Temple Street, Basavanagudi, Bangalore – 560 004 (and said Report is annexed herewith as **Annexure X**.

There is no qualification, reservations or adverse remarks made by M/s. Ganapathi and Mohan, Practicing Company Secretaries, Secretarial Auditor of the Company in their Secretarial Audit Report.

The Institute of Company Secretaries of India had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) with effect from October 1, 2017. The Company has devised proper systems to ensure compliance with its provisions and is in compliance with the same.

18. INTERNAL AUDIT SYSTEMS

Your Company has continued its engagement with M/s. Ernst & Young LLP, Chartered Accountants, to conduct internal audit across the organization during the year under review. We also have an in-house internal audit team to supplement and support the efforts of M/s. Ernst & Young LLP.

19. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

The second wave of the pandemic has impacted the business with consolidated operational revenue for April 2021 registering a decline of around 7% from March 2021. Since then, there has been decline in the operational trends for May given the rapid increase in COVID cases across all regions of the country. However, the official total positivity rate for India has been registering a steady decline to below 10% as on May 24th compared to a high of 27% on May 5th. We believe that June will experience a material improvement over May on the basis of reduced covid admissions and increase in patients coming in for elective surgeries.

Cashflows is being well managed given ample liquidity on books aided by efficient working capital management and profitability during the period.

20. DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

21. PARTICULARS OF LOANS, SECURITIES, GUARANTEES AND INVESTMENTS

The loans given, security provided, guarantees given and investments made by the Company under Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

22. EMPLOYEE STOCK OPTION PLAN

The Company has adopted the Narayana Hrudayalaya Employee Stock Option Plan (NH ESOP), 2015 pursuant to the approval of the Board on September 7, 2015 and the approval of Shareholders on September 12, 2015. The Plan is administered by the Nomination and Remuneration Committee through Narayana Health Employees Benefit Trust. Pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 read with Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 the details of the Employee Stock Option Plan are annexed as **Annexure XI** to this Report.

23. THE EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013 the Annual Return as on March 31, 2021 is available on the Company's website on https://www.narayanahealth.org/stakeholder-relations/annual-return

24. SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

25. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's operational and financial performance as well as the initiatives taken by the Company in its key functional areas are separately discussed in this Annual Report.

26. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has developed a Whistle Blower Policy with a view to provide a mechanism for employees and Directors of the Company to voice their concerns and grievances in a responsible manner. The policy of vigil mechanism is available on the Company's website at https://www.narayanahealth.org/sites/default/files/download/nh_investor_relations/Whistle%20Blower%20Policy.pdf

Further, details of the same are provided in Corporate Governance Report attached to this Report.

27. DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy on prevention of sexual harassment in workplace framed under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committees (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Below is the report on the same containing details of number of cases filed, their disposal, nature of action taken, number of cases pending and number of workshop/awareness sessions conducted.

No. of cases reported	No. of cases disposed	Nature of Action Taken	No. of cases pending	No. of workshops conducted (Induction & Refresher)	No. of participants
9	9	Out of 9 cases, in 2 cases the services of the respondents were terminated. 6 cases have been settled through conciliation and warning letters issued to the concerned party. 1 case has been withdrawn.	Nil	134	3062

28. RISK MANAGEMENT POLICY

The Board of Directors of the Company at their meeting held on October 31, 2018 has decided to entrust the Audit, Risk and Compliance Committee to perform the role of a Risk Management Committee in terms of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and has amended the Terms of Reference of the Committee suitably to include the following:

i. To assist the Board of Directors in meeting its responsibility of oversight on identification, evaluation, mitigation and resolution of strategic, operational, financial, reputational and compliance risks.

ii. To approve Risk Management Policy of the Company and review the same annually to keep it updated to address varying nature and dynamics of risks faced by the Company from time-to-time.

iii. To review management's assessment of risk at least once in a year and provide an update to the Board in this regard.

The Audit, Risk and Compliance Committee also meets the requirement of composition and other stipulations in terms of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has implemented Enterprise Risk Management wherein business units and corporate functions review and address risks with the oversight of the Audit, Risk & Compliance Committee and the Board of Directors. This is being facilitated by the Internal Audit team of the Company. The Risk Management Policy of the Company is available on our website i.e., https://www.narayanahealth.org/sites/default/files/download/codes-policies/Risk-Management-Policy.pdf

29. DECLARATION ON CODE OF CONDUCT

The Company has adopted the Code of Conduct for all its Senior Management Personnel and Directors and the same is affirmed by all the Board Members and Senior Management Personnel as required under Regulation 34 read with Part D of Schedule V of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015. A declaration signed by Dr. Emmanuel Rupert, Managing Director and Group CEO of the Company affirming the compliance with the Code of Conduct of the Company for the financial year 2020-21 has been annexed as part of this Report.

30. ACKNOWLEDGEMENT

Your Directors are grateful for all the help, guidance and support extended to them by patients, bankers, suppliers and investors. Your Directors also wish to thank the medical professionals and employees at each level for their hard work, commitment and performance during the year. Your Directors wish to recognize the exemplary, untiring, selfless and dedicated services rendered by the clinical staff including doctors, paramedics, nurses and clinical support functions in effectively fighting the COVID-19 pandemic.

For and on behalf of the Board

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Emmanuel Rupert
Managing Director and Group CEO
DIN: 07010883

Place: Bengaluru
Date: May 31, 2021

Declaration on Code of Conduct

To
The Members of
Narayana Hrudayalaya Limited

I, Dr. Emmanuel Rupert, Managing Director and Group CEO, declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2021.

For **Narayana Hrudayalaya Limited**

Dr. Emmanuel Rupert
Managing Director and Group CEO
DIN: 07010883

Place: Bengaluru
Date: May 31, 2021

ANNEXURE I

Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part A: Subsidiaries

Sl. No.	1	2	3	4	5	6	7	8	9	10	11
Name of the subsidiary	Narayana Institute for Advanced Research Private Limited	Narayana Health Institutions Private Limited	Narayana Hospitals Private Limited	Narayana Hrudayalaya Surgical Hospital Private Limited	Narayana Vaishno Devi Specialty Hospitals Private Limited	Narayana Cayman Holdings Limited	Meridian Medical Research & Hospital Limited	Health City Cayman Islands Ltd	NH Health Bangladesh Private Limited	Narayana Holdings Private Limited	Narayana Health North America, LLC
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021
Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	USD (1 USD = ₹ 74.22)	INR	USD (1 USD = ₹ 74.22)	BDT (1 BDT = ₹ 1.14)	USD (1 USD = ₹ 74.22)	USD (1 USD = ₹ 74.22)
Share capital	1,03,83,870	1,10,40,400	53,26,14,420	24,42,59,000	1,00,00,000	510	29,27,88,200	484	4,84,05,000	13,30,000	-
Reserves & surplus	4,60,95,342	(1,18,00,017)	14,96,90,229	(30,69,46,424)	(2,00,71,854)	5,22,14,436	35,03,12,726	6,66,77,570	(6,01,23,298)	(7,95,883)	-
Total assets	5,66,31,012	6,18,937	2,12,81,85,882	1,96,07,70,065	15,86,12,958	5,22,20,946	1,39,17,58,294	103,596,391	2,58,45,753	5,42,709	-
Total Liabilities	1,51,800	13,78,554	1,44,58,81,233	2,02,34,57,490	16,86,84,812	6,000	74,86,57,369	3,69,18,336	3,75,64,051	8,592	-
Investments	-	-	-	-	-	5,22,13,822	-	1,49,66,206	-	5,15,618	-
Turnover	-	-	3,05,31,162	1,95,17,18,604	74,22,34,168	61,77,708	1,72,38,80,995	68,898,228	2,96,96,421	58	-
Profit before taxation	(1,56,321)	(1,34,911)	1,78,00,154	(26,78,52,025)	29,97,557	61,74,255	1,66,73,661	19,919,544	(3,05,22,686)	(5,95,400)	-
Provision for taxation	-	-	-	-	7,33,833	-	46,57,140	-	1,78,179	-	-
Profit after taxation	(1,56,321)	(1,34,911)	1,78,00,154	(26,78,52,025)	22,63,724	61,74,255	1,20,16,522	19,919,544	(3,07,00,865)	(5,95,400)	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.13%	100.00%	99.99%	100.00%	-

1. Name of the subsidiaries which are yet to commence operations
   - i) Narayana Hospitals Private Limited
   - ii) Narayana Institute for Advanced Research Private Limited
   - iii) Narayana Health Institutions Private Limited
2. Name of the subsidiaries which have been liquidated or sold during the year

   Vide Certificate of Merger issued by Registrar of Companies, Cayman Islands on 2nd March 2021, Narayana Cayman Holdings Ltd. stands merged with Health City Cayman Islands Ltd. with effect from 1st April 2021
3. Company has not contributed to the capital of Narayana Health North America LLC. till the close of financial year 2020-21. Narayana Hrudayalaya Ltd. is the sole member of Narayana Health North America LLC.

Part "B": Associates/Joint Ventures

Name of Associates /Joint Ventures	Cura Technologies Inc. (Associate)	ISO Healthcare (Associate)
	USD	USD
Latest audited Balance Sheet Date	**March 31, 2021**	**March 31, 2021**
Shares of Associate/Joint Ventures held by the company on the year end		
No.	3,90,00,000	1,287
Amount of Investment in Associates	1,36,833	6,62,000
Extent of Holding %	43.80%	18.52%
Description of how there is significant influence	Due to percentage of share capital held	Due to participation in policy making processes and technological dependency
Reason why the associate/ joint venture is not consolidated	Consolidated as per Ind AS 28	Consolidated as per Ind AS 28
	₹	₹
	March 31, 2021	**March 31, 2021**
Net worth attributable to Shareholding as per latest audited Balance Sheet	**(65,71,834)**	**64,16,195**
Profit / (Loss) for the year	(20,75,576)	(67,161)
i. Considered in Consolidation	(9,09,024)	(12,437)
ii. Not Considered in Consolidation	(11,66,552)	(54,724)
1. Names of associates or joint ventures which are yet to commence operations.	ISO Healthcare	
2. Names of associates or joint ventures which have been liquidated or sold during the year.	NIL	

Place: Bengaluru
Date: 31st May 2021

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Emmanuel Rupert
Managing Director and Group CEO
DIN: 07010883

ANNEXURE II

FORM NO. AOC – 2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014]
Particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under the third proviso thereto.

1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS: NIL

2. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS:

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
1.	Hrudayalaya Pharmacy, Partnership firm owned by Mrs. Shakuntala Shetty (Wife of Dr. Devi Prasad Shetty), Mr. Viren Shetty (Whole-time Director and Group Chief Operating Officer), Dr. Varun Shetty (Son of Dr. Devi Prasad Shetty), Ms. Ameya Shetty, (Daughter of Dr. Devi Prasad Shetty) and Dr. Anesh Shetty (Son of Dr. Devi Prasad Shetty)	Sale / purchase and provision /availing of services of hospital related goods, equipments, assets and services	Ongoing	Purchase of Medicines and Surgical Consumables. Value of transactions during the year was ₹ 2,84,108.	March 24, 2020	NIL
2	Amaryllis Healthcare Private Limited, Mr. Viren Shetty (Whole-time Director and Group Chief Operating Officer) is a Director & Member in Amaryllis Healthcare Private Limited	Sale / purchase and provision /availing of services of hospital related goods, equipments, assets and services	Ongoing	Supply of disposable drapes, etc. Value of transactions during the year was ₹ 25,60,44,759.	March 24, 2020 and November 2, 2020	NIL
3	Charmakki Infrastructures, Partnership firm owned by Mrs. Shakuntala Shetty (Wife of Dr. Devi Prasad Shetty), Mr. Viren Shetty (Whole-time Director and Group Chief Operating Officer), Dr. Varun Shetty (Son of Dr. Devi Prasad Shetty), Ms. Ameya Shetty, (Daughter of Dr. Devi Prasad Shetty) and Dr. Anesh Shetty (Son of Dr. Devi Prasad Shetty)	Leasing of property – payment of rent	Ongoing	Nursing Hostel Rent. Value of transactions during the year was ₹ 67,32,764.	March 24, 2020	NIL
4.	Biocon Biologics India Ltd, Dr. Kiran Mazumdar Shaw (Non-executive Director) is a Director of Biocon Biologics India Ltd.	Sale / purchase and provision /availing of services of hospital related goods, equipments, assets and services	Ongoing	Purchase of Medicines. Value of transactions during the year was ₹ 8,86,94,749.	March 24, 2020	Nil

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
5	Mazumdar Shaw Medical Foundation (MSMF), Section 8 Company under the Companies Act, 2013. Dr. Devi Prasad Shetty (Chairman and Whole-time Director) and Dr. Kiran Mazumdar Shaw (Non- Executive Director) are the Directors in Mazumdar Shaw Medical Foundation.	Leasing Arrangement	Ongoing	Payment towards lease rent. Value of the transactions during the year was ₹2,95,00,000.	March 24, 2020	NIL
		Availing Services	Ongoing	Availing of Diagnostic Services. Value of transactions during the year was ₹13,41,600	March 24, 2020	NIL
6	Health City Cayman Islands Ltd. subsidiary company in Cayman Islands. Dr. Devi Prasad Shetty (Chairman & Whole-time Director), and Mr. Viren Shetty (Whole-time Director and Group Chief Operating Officer), Dr. Varun Shetty relative of Dr. Devi Prasad Shetty are Directors of Health City Cayman Islands Limited.	Sale / purchase and provision /availing of services of hospital related goods, equipments, assets and services	Ongoing	Sale / Purchase of Biomedical Equipments, medicines and consumables, software license. Value of transactions during the year was ₹ 18,57,36,779.	March 24, 2020, November 02, 2020, and February 5, 2021	NIL
		Rendering of service	Ongoing	For providing cloud managed services. Value of transactions during the year was USD 66,600.		NIL
7.	Meridian Medical Research & Hospital Limited, Subsidiary in which the Company is holding 99.12% of the shares. Dr. Devi Prasad Shetty (Chairman & Whole-time Director), Dr. Emmanuel Rupert (Managing Director and Group CEO) and Mr. Viren Shetty (Whole-time Director and Group Chief Operating Officer), are Directors of Meridian Medical Research & Hospital Limited	Sale / purchase and provision /availing of services of hospital related goods, equipments, assets and services	Ongoing	Sale of Medicine and fixed assets. Value of transactions during the year was ₹ 3,15,44,712.	March 24, 2020 and June 15, 2020	NIL

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
8.	Narayana Hrudayalaya Surgical Hospital Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman and Whole time Director) and Dr. Emmanuel Rupert (Managing Director and Group CEO) are Directors and Nominee Shareholders in Narayana Hrudayalaya Surgical Hospital Private Limited.	Leasing of property – receipt of rent	Ongoing	Hospital Lease rent. Value of transactions during the year was ₹ 46,41,000.	March 24, 2020	NIL
		Sale / purchase and provision /availing of services of hospital related goods, equipments, assets and services	Ongoing	Sale/ Purchase of sale of pharmacy stock, fixed assets, provision or receipt of services, excluding IT related services. Value of transactions during the year was ₹ 61,95,035.	March 24, 2020	NIL
9.	Narayana Vaishno Devi Specialty Hospitals Private Limited, Wholly Owned Subsidiary of the Company. Dr. Devi Prasad Shetty (Chairman and Whole time Director), Dr. Emmanuel Rupert (Managing Director and Group CEO of NHL), Mr. Viren Shetty (Whole-time Director and Group Chief Operating Officer), Mr. K. Dinesh (Independent Director), Mr. B N Subramanya (Independent Director) Dr. Kiran Mazumdar Shaw (Non-executive Director) are Directors in Narayana Vaishno Devi Specialty Hospitals Private Limited. Also, Dr. Devi Prasad Shetty, Dr. Emmanuel Rupert and Mr. Viren Shetty, Dr. Varun Shetty, Relative (son of Dr. Devi Prasad Shetty) are Nominee Shareholders in this Company.	IT Services	Ongoing	Payment towards IT Service reimbursement. Value of transactions during the year was ₹ 93,16,812.	March 24, 2020	NIL
		Reimbursement of expenses	Ongoing	Reimbursement of expenses towards corporate management services excluding IT services. Value of transactions during the year was ₹ 36,96,402.	March 24, 2020	NIL
		Sale / purchase and provision /availing of services of hospital related goods, equipments, assets and services	Ongoing	Sale/Purchase of medical stores and consumables. Value of transactions during the year was ₹ 14,84,732.	March 24, 2020	NIL
10	Narayana Hospitals Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman and Whole time Director), Mr. Viren Shetty (Whole-time Director and Group Chief Operating Officer), Mrs. Shakuntala Shetty (wife of Dr. Devi Prasad Shetty, are Directors in Narayana Hospitals Private Limited). Also, Dr. Devi Prasad Shetty, Dr. Emmanuel Rupert and Mr. Viren Shetty, Dr. Varun Shetty, Relative (son of Dr. Devi Prasad Shetty) are Nominee Shareholders in this Company.	Leasing of property – payment of rent	Ongoing	Hospital Lease rent. Value of transactions during the year was ₹2,89,42,628.	March 24, 2020	NIL

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
11	Narayana Health Institutions Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman and Whole time Director) and Mr. Viren Prasad Shetty (Whole-time Director and Group COO) are Directors in this Company.	Reimbursement of expenses.	Ongoing	Payment towards professional fees. Value of transactions during the year was ₹ 1,10,500.	March 24, 2020	NIL
12	Narayana Institute for Advanced Research Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman and Whole time Director) and Mr. Viren Shetty (Whole-time Director and Group Chief Operating Officer) are Directors in this Company.	Reimbursement of expenses.	Ongoing	Payment towards professional fees Value of transactions during the year was ₹1,18,000.	March 24, 2020	NIL
13	Dr. Varun Shetty, relative (son) of Dr. Devi Prasad Shetty and relative (brother) of Mr. Viren Shetty (Whole-time Director and Group Chief Operating Officer).	Appointment to office or place of profit	Ongoing	Payment of professional fees for providing consultancy services. Value of transactions during the year was ₹ 55,00,004.	March 25, 2019	NIL
14	Dr. Vivek Shetty, relative (son in law) of Dr Devi Prasad Shetty (Chairman and Whole-time Director).	Appointment to office or place of profit	Ongoing	Payment of professional fees for providing consultancy services of transactions during the year was ₹ 43,29,165.	March 25, 2019	NIL
15.	Narayana Hrudayalaya Foundation (NHF). Dr. Devi Prasad Shetty, Chairman and Whole-time Director, Mr. Viren Shetty, Whole-time Director of the Company along with Mrs. Shakuntala Shetty and Dr. Varun Shetty (Relatives of Dr. Devi Prasad Shetty and Mr. Viren Shetty) are trustees of this Trust.	Leasing of property – payment of rent	Ongoing	Amount paid towards Rental charges for the Assets. Value of transactions during the year was ₹ 10,53,612.	March 24, 2020 and June 15, 2020	NIL
		Reimbursement of expenses	Ongoing	Amount received for Group Staff Insurance and other reimbursement paid by NHL. Value of transactions during the year was ₹ 53,910.		NIL
		Payment of professional fees	Ongoing	Amount paid towards professional fees for training of staff by NHL. Value of transactions during the year was ₹ 53,100.		NIL

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
16	Asia Heart Foundation (AHF). Dr. Devi Prasad Shetty, Chairman and Whole-time Director, Mr. Viren Shetty, Whole-time Director of the Company along with Mrs. Shakuntala Shetty and Dr. Varun Shetty (Relatives of Dr. Devi Prasad Shetty and Mr. Viren Shetty) are trustees of this Trust.	Discount entitlement for the year	Ongoing	Value of transactions during the year was ₹ 1,32,00,156	March 24, 2020, June 15, 2020, February 5, 2021	Nil
						Nil
		Rental expense for Robotic CT ingenuity and Dental bus	Ongoing	Value of transactions during the year was ₹ 35,98,719.		Nil
17	Dharamshila Cancer Foundation and Research Centre, the Subsidiary Company Narayana Hrudayalaya Surgical Hospital Private Limited has entered into an operation and management agreement with said entity	Sale / purchase and provision /availing of services of hospital related goods, equipments, assets and services	Ongoing	Value of transactions during the year was ₹ 1,83,87,679.	March 24, 2020	Nil
18	Syngene International Limited, Dr. Kiran Mazumdar Shaw (Non-executive Director) is a Director of Syngene International Limited	Sale / purchase and provision /availing of services of hospital related goods, equipments, assets and services	Ongoing	Lab outsourcing charges. Value of transactions during the year was Rs. 25,72,735	May 31, 2021	Nil
19	Cardiac Design Labs Private Limited, Mr. Viren Shetty, Whole-time Director of the Company, is a Director of Cardiac Design Labs Private Limited.	Sale / purchase and provision /availing of services of hospital related goods, equipments, assets and services	Ongoing	Holter Machine Charges. Value of transactions during the year was Rs. 28,73,998	May 31, 2021	Nil

Place: Bengaluru
Date: May 31, 2021

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Emmanuel Rupert
Managing Director and Group CEO
DIN: 07010883

ANNEXURE III

ANNUAL REPORT ON CSR ACTIVITIES OF NARAYANA HRUDAYALAYA LIMITED

[Pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline of Narayana Hrudayalaya CSR Policy (NH CSR):

Narayana Hrudayalaya Limited aims to make a positive difference in the lives of the people by engaging in activities that eliminates or alleviates pain and suffering to the under privileged sections of the society by:

- Promoting healthcare facilities for the upliftment of people at large and creating a positive impact by addressing issues of accessibility and affordability.
- Promoting educational facilities to help and assist in unfolding the creative potentials and talents of the children and amateurs.
- Strive for socio-economic development thereby reducing inequality between rich and poor.

1.1 Overview of projects/programs undertaken during the financial year 2020-21

Mobile Mammography Screening

This program was started in 2014 with an emphasis on early detection of any type of disease in order to make treatment affordable and less complicated in its administration by applying this principle to cancer detection and treatment particularly for breast cancer, through a structured outreach-based model.

This program aims at:

- Creating awareness among people about breast cancer.
- Early diagnosis and treatment.
- Free comprehensive check-up service.
- Decrease breast cancer morbidity and mortality and increase in survival rate of women.

Rajiv Gandhi Arogya Yojana (RAY)

This program was initiated in November 2005, with a vision to develop a model of rural primary health care system in Amethi. The Project currently includes one Primary Healthcare Clinic in Amethi constituency and covers the basic healthcare needs of around 200 villages catering to a population of more than 70,000 people. Non-communicable diseases (NCD) screening was additionally introduced through a portable screening kit to increase the scope of services under the program. The portable kit enables baseline screening for a wide range of conditions including obesity, diabetes, hypertension, anemia, vision disorders, as well as cardiac function. The NCD screening has helped in improving traction on the program and captured early insights on disease prevalence in the area.

Care Companion Program

The Care Companion Program was first set up in 2013 in the NH hospital in Mysore. The program was started in direct response to the needs of patients and to recognize patient family members as an untapped existing resource.

The program focuses on creating a therapeutic alliance with the patient and creating a platform for shared power and responsibility. The program undertakes in-hospital education-cum-training program for patients' family members. Multi-lingual group teaching sessions use interactive videos for identifying warning signs of illness, checking temperature, pulse, blood pressure, timely medications etc.

The program has provided valuable insights on the knowledge & behavioral attributes of caregivers. Sensitizing caregivers on clinical, nutritional, and preventive aspects of the underlying medical condition helps create a cadre of caregivers who are better positioned to understand the clinical management, not only in the hospital, but more importantly, in the post discharge scenario. Institutionalizing the program across the company has brought uniformity & consistency in the manner that the CCP program is practiced.

E-Health Centre

The e-Health center program was initiated in 2015 with focus on delivering accessible, quality and affordable primary health care to people living in resource-deprived locations of India using appropriate technologies. Company is the healthcare partner to implement, operate and manage e-Health Centers. The centers are rapidly deployable healthcare facilities powered by cloud-enabled solutions and fully equipped with workstations, open electronic records (EMR) systems, biometric patient identification and integrated diagnostic services.

Non-Communicable Diseases

The NCD program was initiated in June 2017 with a focus to improve awareness and conduct screening for non-communicable diseases including breast and oral cancer. The focus has been on a continuum of activities including promotive, preventive, curative and palliative care services.

The focus of the program has been on promotive, preventive, curative as well as palliative activities. Program staff at various locations coordinate with several groups in both urban and rural settings to increase the reach of screening services.

Suposhan

Suposhan program was envisaged as a pilot intervention in Jaipur District in collaboration with Britannia Nutrition Foundation, National Health Mission, Rajasthan and the Jaipur education department. The program, modelled as an action research study, aimed at introducing iron fortification in a palatable manner which would be an adjunct to the existing Weekly Iron and Folic acid Supplementation program. In addition, the program was supplemented by efforts to engage students on need for iron fortification and supplementation, nutritional and hygiene guidelines.

All the above programs having achieved their project objectives, the said programs are now concluded by the Company.

Community Radio

Your company is knowledge partner for Narayana Hrudayalaya Foundation for the community radio and runs many programmes on the community radio. The broader objective of our community radio station is to serve as a consensus building platform wherein communication processes would help the communities around us to share common understanding and common goals. The community radio was named "Namma Naadi" with focus on health, education, environment, culture and civic issues within the primary and secondary zones of Health City. Various programs were aired on Namma Naadi with participation from multiple communities of interest.

The community radio program, with internet radio software is an ideal medium to reach the local population with credible health-based information and this was evident in the context of COVID-19. Several programs were recorded and broadcast with relevance to COVID-19 symptoms, safety measures, helplines, nutrition, pregnant women and COVID, as well as pointers for those who have chronic diseases.

UDAAN

The Udaan scholarship program was started in December 2014 in Karnataka with an objective to nurture the potential of rural students from disadvantaged backgrounds and create a platform which they could leverage towards realizing medical education. Students from our Udaan program can be motivated to use their medical education in improving health care systems in their villages and small towns. It is hoped that these enabled students would fulfil their dreams of becoming able physicians, have a multiplier effect among students and practice ethical healthcare thereby serving the larger community.

The program follows a very careful selection process to ensure we are reaching out to the brightest and most deserving students who have an aptitude and are committed towards taking up science as a subject after class X and choosing the medical profession as their careers. Social and economic background of the students is verified before they become part of our program.

The Company intends to continue this program going forward.

During the year under review, the Company's CSR activities also focused on COVID treatment and pandemic work. The Company is committed to fight the COVID-19 pandemic and towards this end, apart from the efforts and steps taken by the Company in fighting the pandemic in the normal course of business as a hospital operator, the Company is also planning to conduct free vaccination campaigns for underprivileged sections of the society as a part of its CSR activities.

2. COMPOSITION OF CSR COMMITTEE:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Dinesh Krishnaswamy	Chairperson – Independent Director	3	3
2.	Mr. B N Subramanya	Member - Independent Director	3	3
3.	Mr. Viren Prasad Shetty	Member – Group COO & Executive Director	3	3

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

CSR Committee	https://www.narayanahealth.org/stakeholder-relations/board-committees
CSR Policy	https://www.narayanahealth.org/stakeholder-relations/company-policies
CSR Projects	https://www.narayanahealth.org/sites/default/files/download/CSR%20Projects.pdf

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

The Company does not meet the criteria in terms of Rule 8 (3) of Companies (Corporate Social responsibility Policy) Rules, 2014 and hence impact assessment is not applicable. However, the CSR Committee reviews the progress of various CSR projects undertaken by the Company and its impacts in terms of beneficiaries covered and the outcome of the programmes.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

The Company has incurred an excess amount of Rs.58,585 for the CSR spends done in FY 2020-21 which is available for set-off under the provisions of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014.

6. Average net profit of the company as per section 135(5): Rs.106,20,13,020

7. (a) Two percent of average net profit of the company as per section 135(5): Rs.2,12,40,260

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs.2,12,40,260

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Rs.2,12,98,845	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration for all projects shall be: More than 3 years	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation Direct (Yes/ No)	Mode of Implementation -Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Mobile Mammography Unit (MMU)	(i)	Yes	Karnataka		More than 3 years	Annual allocations over a period of time	20,93,330	Nil	Direct	NA	NA
2	Rajiv Gandhi Arogya Yojana (RAY)	(i)	No	UP	Amethi	More than 3 years	Annual allocations over a period of time	1,13,820	Nil	Direct	NA	NA
3.	Care Companion Program (CCP)	(i)	No	PAN India	PAN India	More than 3 years	Annual allocations over a period of time	22,27,397	Nil	Direct	NA	NA
4.	E-Health Centers (EHC)	(i)	No	PAN India	PAN India	More than 3 years	Annual allocations over a period of time	21,76,903	Nil	Direct	NA	NA
5.	Community radio	(i)	Yes	Karnataka	Bengaluru	More than 3 years	Annual allocations over a period of time	16,98,819	Nil	Direct	NA	NA
6.	Udaan	(ii)	Yes	Karnataka	Kanakapura, Gulbarga	More than 3 years	Annual allocations over a period of time	6,58,440	Nil	Direct	NA	NA
7.	Non-Communicable Diseases (NCD)	(i)	No	PAN India	PAN India	More than 3 years	Annual allocations over a period of time	27,32,511	Nil	Direct	NA	NA
8.	Suposhan	(i)	Yes	Rajasthan	Jaipur	More than 3 years	Annual allocations over a period of time	4,54,000	Nil	Direct	NA	NA
TOTAL								**1,21,55,220**				

(c) **Details of CSR amount spent against other than ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number.
1.	COVID -19 related spend	(i)	Yes	Karnataka	Bengaluru	91,43,625	Direct	NA	NA
TOTAL						**91,43,625**			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 2,12,98,845

(g) Excess amount for set off, if any: Rs. 58,585

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs. 2,12,40,260
(ii)	Total amount spent for the Financial Year	Rs. 2,12,98,845
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Rs.58,585
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Rs.58,585

9. (a) Details of Unspent CSR amount for the preceding three financial years: NA

9 (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)		(3)	(4)	(6)	(7)	(8)	(9)	(10)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project Completed / Ongoing
1.		Mobile Mammography Unit(MMU)	September 2014		Annual allocations over a period of time	20,93,330	36,83,330	Completed
2.		Rajiv Gandhi Arogya Yojana (RAY)	November 2005		Annual allocations over a period of time	1,13,820	63,90,820	Completed

(1)		(3)	(4)	(6)	(7)	(8)	(9)	(10)
Sl. No.	**Project ID**	**Name of the Project**	**Financial Year in which the project was commenced**	**Project duration**	**Total amount allocated for the project (in Rs.)**	**Amount spent on the project in the reporting Financial Year (in Rs)**	**Cumulative amount spent at the end of reporting Financial Year (in Rs.)**	**Status of the project Completed / Ongoing**
3.		Care Companion Program (CCP)	September 2013		Annual allocations over a period of time	22,27,397	57,58,397	Completed
4		E-Health Centers (EHC)	December 2015		Annual allocations over a period of time	21,76,903	3,30,07,903	Completed
5		Community radio	January 2017		Annual allocations over a period of time	16,98,819	36,28,819	Completed
6		Udaan	June 2015		Annual allocations over a period of time	6,58,440	53,98,440	Completed
7		Non-Communicable Diseases (NCD)	June 2017		Annual allocations over a period of time	27,32,511	2,25,22,511	Completed
8.		Suposhan	June 2017		Annual allocations over a period of time	4,54,000	23,34,000	Completed
TOTAL						**1,21,55,220**	**8,27,24,220**	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not applicable as there are no Capital assets acquired during the financial year.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).:

The Company has spent on CSR activities to the extent of the prescribed limit under the Companies Act, 2013.

Sd/-
Dr. Emmanuel Rupert
Managing Director & Group CEO

Sd/-
Dinesh Krishnaswamy
Chairman CSR Committee

ANNEXURE IV

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is detailed as under:

a. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Non-Executive Directors	Ratio to median remuneration
Mr. Muthuraman Balasubramanian	2.46
Mr. Dinesh Krishnaswamy	2.46
Mr. Manohar D Chatlani	2.46
Mr. Arun Seth	2.46
Ms. Kiran Mazumdar Shaw	2.46
Mr. B N Subramanya	2.46
Ms. Nivruti Rai	2.46

Executive Directors	Ratio to median remuneration
Dr. Devi Prasad Shetty	251.87
Mr. Viren Prasad Shetty	51.82
Dr. Emmanuel Rupert	198.13

b. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary	% increase
Dr. Devi Prasad Shetty	Nil
Mr. Viren Prasad Shetty	Nil
Dr. Emmanuel Rupert	Nil
Mr. Venugopalan Kesavan	Nil
Mr. Sridhar S	Nil

c. The percentage increase in the median remuneration of employees in the financial year: 0%

d. The number of permanent employees on the rolls of Company: 10,989

e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The nursing staff were accorded an increment of 15%, plus an additional 1% for promotions, on the base salary budget. This increment included the period of performance review from April 2019, till December 2020 (21 months). There was no increment accorded for the FY2020-21 for any staff in administration and clinical.

f. Affirmation that the remuneration is as per the remuneration policy of the Company.

The Company affirms that the remuneration is as per the remuneration policy adopted by the Company.

ANNEXURE V

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given below:

(A) CONSERVATION OF ENERGY

Implementation of Energy Conservation measures through investment on equipment/components was a key agenda for Energy Conservation initiatives in FY 2020-21 at NH. Process improvement and utilization of existing resources identified in last financial year were also reviewed to ensure continued savings.

Various initiatives have been undertaken by the Company to optimize the energy usage and cost.

Adequate measures have been taken for energy conservation and thereby reducing energy cost with reduction of Carbon footprint for sustainable development.

i. Steps taken to create impact on conservation of energy.

a. Energy conservation by Improving over all efficiency of Utility by replacing older technology machines by newer technology to improve efficiency.

The company has achieved conservation of energy by replacement of older technology chiller, cooling tower, Pump & CFL lights at various units and reduced energy consumption.

b. Energy Monitoring System has been implemented at various units for Continual Monitoring of Energy Consumption at different areas.

The company has implemented Online Cloud Based Energy Monitoring System at six hospitals for better analysis of opportunities to improve energy efficiency and focus on sustainability development initiatives in future.

c. Use of captive solar power

Health City Unit in Bangalore receives 90% of its energy from captive solar energy. This activity is reducing carbon emissions of 58.09 Kilo-ton/Year by consuming 12.3 MU from Solar energy producer.

d. Overall achievement (Summary) of NHL-group with multiple approach of energy conservation activity.

Through various energy saving initiatives undertaken by the Company, a reduction in energy consumption by ~ 0.4% and reduction in carbon footprint by ~12000 ton/year was achieved.

ii. Plan for conservation of energy (2021-22)

a. Utilizing alternate sources of energy.

Initiated activities to acquire Solar & wind power for hospitals based on opportunity available at the site depending on the regulatory approvals and on requirement of RPO of Govt. of India

b. Upgradation & Replacement of Capital equipment

Existing older equipments are evaluated for energy efficiency and lifecycle cost and new technology upgradation or replacement will be done.

c. OT monitoring system to cater the requirement of demand side and energy management.

Live monitoring of Temperature, Humidity, and Pressure is being done using cloud-based application. Plan to link with Air Handling Unit & Chiller to enhance energy consumption.

iii. Conservation of Energy & Water by adopting advance technology cooling tower.

The Company has taken initiative for conservation of water by adopting new technology for cooling tower.

iv. Conservation of Energy & reduction of operational expense through technology partner analysis

Initiatives are taken for reduction of operational expenses of less energy efficient equipment's through different technology partnership.

(B) TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption are detailed as under

1. NH Software Development Centre (SDC) developed virtual consultation platform for patients across the country to seamlessly consult NH network doctors.
2. Launched online expert opinion platform for oncology thereby enabling cancer patients to seek second opinion from NH oncology panel.
3. Developed ATHMA App for Doctor Insights (AADI) which allows doctors to monitor and manage patients across ward and critical care areas in real time. It also enables seamless conversation between care givers (Doctors, Nurses etc.) thereby improving the quality of care.
4. In-house ATHMA Hospital Information System (HIS) and associated mobile apps implemented in Barasat, Howrah, Jamshedpur, Guwahati, Ahmedabad and Mumbai facilities.
5. Launched NH Care patient application which allows patients to access their medical records and reports online in real time.
6. Launched AHAM an application to facilitate approvals on mobile phones to speed up discharges and overall billing process improving patients' experience.
7. Online appointment expanded to cover 9 more hospitals across the network to enable advanced appointment booking and minimize physical touch points.
8. Implemented Rapid AI for Neurology in Healthy City, Bengaluru; it empowers clinicians to make faster, more accurate diagnostic and treatment decisions for stroke and aneurysm patients using clinically proven, data-driven technology.
9. Rolled out updates to AADI (ATHMA App for Doctors Insights) clinical care app which helps provide better quality care providing detailed information about patients electronically.
10. Blood bank module rollout completed across the Group; this will help in managing end to end lifecycle of blood management.
11. App based video consultation capability for the doctors through AADI and patients through NH Care.
12. Unified platform for managing schedule, tariffs and bookings for physical and video consultation.
13. Pay online feature soft-launched for patients to allow queue-less payments in select units.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution

- Improved patient and doctor experience
- Improved Efficiency
- Cost optimisation
- Transform digitally by reducing manual intervention
- Reduce possibilities of non-compliance to information security guidelines

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

The Company is in the business of providing healthcare services and it continues to use the latest technology in medical equipments.

(iv) The expenditure incurred on Research and Development- NIL

(C) FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

(₹ in Million)

Particulars	2020-21	2019-20
Foreign Exchange Earnings	560.45	1926.82
Foreign Exchange Expenditure	54.42	105.21
Value of Imports on CIF Basis	29.32	48.72

ANNEXURE VI

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH 2021

1. Corporate Governance Philosophy

Your Company is committed to the principles of 'Accountability', 'Transparency' and 'Trusteeship' in its dealing with stakeholders. Accordingly, in the endeavor to take balanced care of stakeholders, your Company adheres to good corporate governance practices in its business processes.

The Company is conscious of the fact that the success of a corporation reflects the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, the Company endeavors to ensure that highest standards of ethical and responsible conduct are met throughout the organization. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its Employees including the Managing Director and the Executive Directors. In addition, the Company's terms of appointment with Independent Directors suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. These codes and terms of appointment are available on the Company's website and can be accessed at www.narayanahealth.org.

A report on Corporate Governance, in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and amendments thereto is outlined below.

2. Board of Directors

The Board of Directors (the Board) is at the core of the Company's Corporate Governance practices and oversees how Management serves and protects the long-term interest of its stakeholders. It brings in strategic guidance, leadership and an independent view to the Company's Management while discharging its fiduciary responsibilities, thereby, ensuring that Management adheres to highest standards of ethics, transparency and disclosure.

The Board consists of an optimal combination of Executive Directors and Non-Executive Directors including Independent Directors, representing a judicious mix of in-depth knowledge and experience.

(a) Composition and Category of Directors

The Board comprises of 9 (Nine) Directors viz., 3 (Three) Executive Directors and 6 (Six) Non-Executive Directors out of which 5 (Five) are Independent Directors. In the opinion of the Board, the Independent Directors of the Company fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management.

Composition of the Board and Committees as on March 31, 2021 are given below

Sl. No.	Name of Director	Designation	Category	Board	Audit, Risk and Compliance Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders Relationship Committee
1	Dr. Devi Prasad Shetty	Chairman & Executive Director	ED & Promoter	√√	-	-	-	-
2	Dr. Emmanuel Rupert	Managing Director & Group CEO	ED	√	-	-	-	-
3	Mr. Viren Prasad Shetty	Executive Director & Group COO	ED	√	-	√	-	√
4	Dr. Kiran Mazumdar Shaw	Director	NE	√	-	-	√	-
5	Mr. Dinesh Krishnaswamy	Director	INED	√	√	√√	√	-
6	Mr. Muthuraman Balasubramanian	Director	INED	√	√	-	-	√√
7	Mr. Arun Seth	Director	INED	√	-	-	√√	-
8	Mr. B.N Subramanya	Director	INED	√	√√	√	-	√
9	Ms. Nivruti Rai	Director	INED	√	-	-	√	-

√√-Chairman
√-Member
ED – Executive Director
INED – Independent Non-Executive Director
NE – Non-Executive Director

(b) Changes in the composition of the Board

- **Resignations or removal of the Directors, if any**
  - During the year under review, Mr. Manohar Dayaram Chatlani, Non-Executive Independent Director resigned with effect from January 18, 2021.

(c) Attendance of each director at the Board Meetings and the last Annual General Meeting

Directors	Number of Board Meetings		Attendance at the last Annual General Meeting held on August 31, 2020
	Held	Attended	
Dr. Devi Prasad Shetty	6	6	Yes
Dr. Emmanuel Rupert	6	6	Yes
Ms. Nivruti Rai	6	6	Yes
Dr. Kiran Mazumdar Shaw	6	6	Yes
Mr. Muthuraman Balasubramanian	6	6	Yes
Mr. B N Subramanya	6	6	Yes
*Mr. Manohar Dayaram Chatlani	*4	*4	Yes
Mr. Viren Prasad Shetty	6	6	Yes
Mr. Dinesh Krishnaswamy	6	6	Yes
Mr. Arun Seth	6	6	Yes

* Mr. Manohar Dayaram Chatlani resigned effective January 18, 2021. Meetings held upto January 18, 2021 has been considered for the purpose of determining number of meetings held and attended by Mr. Manohar Dayaram Chatlani.

(d) Number of other Boards or Board Committees in which Director is a member or chairman

Number of Directorships and Committee chairmanships / memberships held by Directors in other public companies as on March 31, 2021 are given herein below. Other directorships do not include directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013. Chairmanships / Memberships of Board Committees includes only Audit Committee and Stakeholders' Relationship Committee.

Sl. No.	Name of the Director	Name of the Listed entity where he/she is a Director and the category of Directorship	No. of Directorship in other public entities including this entity	No. of memberships in Audit and Stakeholder Relationship Committee(s) held in other public entities including this entity	No. of post of Chairman in Audit and Stakeholders Relationship Committee held in public entities including this entity
1	Dr. Devi Prasad Shetty	Narayana Hrudayalaya Limited – Chairman & Executive Director	7	0	0
2	Dr. Emmanuel Rupert	Narayana Hrudayalaya Limited – Managing Director & Group CEO	4	1– Audit Committee	0
3	Mr. Viren Prasad Shetty	Narayana Hrudayalaya Limited – Executive Director and Group COO	8	1– Stakeholder Relationship committee	0

Sl. No.	Name of the Director	Name of the Listed entity where he/she is a Director and the category of Directorship	No. of Directorship in other public entities including this entity	No. of memberships in Audit and Stakeholder Relationship Committee(s) held in other public entities including this entity	No. of post of Chairman in Audit and Stakeholders Relationship Committee held in public entities including this entity
4	Dr. Kiran Mazumdar Shaw	• Infosys Limited – Independent Director • Biocon Limited – Executive Chairperson • United Breweries Ltd. – Independent Director • Syngene International Ltd. – Non-Executive Chairperson • Narayana Hrudayalaya Limited - Non-Executive Director	10	0	1 – Audit Committee
5	*Mr. Manohar Dayaram Chatlani	Narayana Hrudayalaya Limited – Independent Director	1	0	0
6	Mr. Dinesh Krishnaswamy	Narayana Hrudayalaya Limited – Independent Director	2	1– Audit Committee	0
7	Mr. Muthuraman Balasubramanian	• Sundaram Fasteners Ltd. – Independent Director • Narayana Hrudayalaya Limited - Independent Director	3	2– Audit Committee	1– Stakeholder Relationship Committee
8	Mr. Arun Seth	• Jubilant Life Sciences Ltd. – Independent Director • Narayana Hrudayalaya Limited - Independent Director • Jubilant Pharmova Limited - Independent Director • Jubilant Ingrevia Limited - Independent Director	8	2– Stakeholder Relationship Committee 3– Audit Committee	0
9	Mr. BN Subramanya	• Narayana Hrudayalaya Limited - Independent Director	5	1– Stakeholder Relationship Committee	2– Audit Committee
10	Ms. Nivruti Rai	• Narayana Hrudayalaya Limited - Independent Director	2	0	0

* Mr. Manohar Dayaram Chatlani resigned effective January 18, 2021

(e) Number of Board meetings held and dates on which held

During the financial year under review 6 (Six) Board Meetings were held on June 15, 2020, August 4, 2020, November 2, 2020, February 2, 2021, February 5, 2021 and March 29, 2021. The gap between two Board Meetings did not exceed 120 (One Hundred and Twenty) days as required under Section 173 of the Companies Act, 2013 read with Rule 3 & 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 along with Regulation 17 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These Meetings were well attended including Independent Directors. Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by MCA and SEBI, all Board meetings in FY 2020-21 were held through Video Conferencing means.

(f) Meeting of Independent Directors

The Company's Independent Directors are required to meet at least once in every Calendar Year in compliance with the provisions of the Companies Act, 2013. Such meetings are conducted to enable Independent Directors to discuss the matters pertaining to the Company's affairs and put forth their views. Further, Independent Directors also review the performance of the Non-Independent Directors, Chairman (after considering the views of Executive and Non-Executive Directors of the Company) and the Board as a whole. During the year under review, the Independent Directors met on June 15, 2020 and majority of the Independent Directors attended the meeting.

(g) Pecuniary Relationship

There were no pecuniary relations or transactions of Non-Executive Directors vis-a-vis the Company other than:

a. The payment of sitting fees and commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

b. Dr. Kiran Mazumdar Shaw (Non-Executive Director) holds 47,05,671 equity shares of ₹ 10 each of the Company as on March 31, 2021.

c. Mr. Arun Seth (Non-Executive Independent Director) holds 1,111 equity shares of ₹ 10 each of the Company as on March 31, 2021.

d. Mr. Muthuraman Balasubramanian (Non-Executive Independent Director) holds 258 equity shares of ₹ 10 each of the Company as on March 31, 2021.

e. Related Party Transactions in the normal course of business with Biocon Limited, Syngene International Limited and Biocon Biologics India Limited in which Dr. Kiran Mazumdar Shaw is interested as an Executive Director, Chairperson, Non-Executive Director, Chairperson and Non-Executive Director respectively.

(h) Familiarization Programs for Board Members

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, operations review, quarterly and annual results, budgets, review of internal audit reports and action taken reports, statutory compliances, risk management, operations of subsidiaries and business strategy and risks involved. Such presentations and documents provide an opportunity to the Independent Directors to interact with the Senior Management Team of the Company and help them understand the Company's strategy, operations, services, organization structure, finance, human resources, technology, quality and such other areas as may arise from time to time.

The Policy on the Familiarization Programs for Independent Directors and their terms of appointment are also posted on the website of the Company and can be accessed at www.narayanahealth.org.

(i) Key Board skills/expertise/competencies

Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the Board of Directors have identified the following key skills/expertise/competence so that the Board of Directors comprises of a diverse and multidisciplinary group of professionals with requisite skills/expertise/competence who can contribute towards providing strategic direction to the Company's management to continue to pursue its vision of providing quality and affordable healthcare whilst upholding the highest standards of Corporate Governance.

Key Competencies	Brief Description	Name of Directors
Governance and Board service	The Board shall collectively comprise of Directors who demonstrate competence and experience in application of Corporate Governance principles.	All the Directors
Business/Management	Experience with, or can demonstrate knowledge or expertise in, sound management and operational business processes and practices in the private or public sector including an understanding of topics such as managing complex projects, leveraging information technology, planning and measuring performance and allocating resources to achieve outcomes.	All the Directors
Risk/Legal/Regulatory Compliance	Ability to identify key risks to the organization in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.	Mr. Muthuraman Balasubramanian Mr. B N Subramanya Mr. Arun Seth Mr. Dinesh Krishnaswamy Dr. Kiran Mazumdar Shaw
Information Technology	Knowledge and experience in the strategic use and governance of information management and information technology with ability to apply technology to the hospital sector.	Mr. Dinesh Krishnaswamy Mr. Arun Seth Mr. Viren Shetty
Accounting/Financial Experience	Experience with, or can demonstrate knowledge or expertise in, accounting or financial management including analyzing and interpreting financial statements, evaluating organizational budgets and use of resources, critically analyze performance and financial viability, oversee funding arrangements and understanding financial reporting.	Mr. B N Subramanya Mr. Muthuraman Balasubramanian
Industry/Sector Knowledge	Experience with or is able to demonstrate knowledge or expertise of healthcare industry with specific exposure in Hospital segment including an understanding of particular trends, challenges and opportunities, or unique dynamics within the sector that are relevant to the Company.	Dr. Devi Prasad Shetty Mr. Viren Shetty Dr. Emmanuel Rupert
Strategy development and implementation	Ability to think strategically and contribute to effective strategy formulation in the light of the strategic objectives of the company.	All the Directors
Human Resource management	Experience in the Human Resource Management with understanding of employment law.	Mr. Muthuraman Balasubramanian Dr. Kiran Mazumdar Shaw Mr. Arun Seth Mr. Dinesh Krishnaswamy

3. Board Procedure

A detailed agenda and notes thereon are sent to each Director in advance of Board and Committee Meetings. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any documents with the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. To enable the Board to discharge its responsibilities effectively, the Board is kept abreast at every meeting on the overall performance of the Company. All the relevant reports are also presented at the Board Meetings.

The Chairman of the Board and Company Secretary, in consultation with other concerned members of the Senior Management, finalize the agenda for Board meetings.

Every Board member can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held when necessary.

4. Board member evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Nomination and Remuneration Committee has laid down the manner of evaluation of performance of the Board, its committees and individual directors and its implementation and review. The Board of Directors have adopted the same.

Some of the performance indicators, based on which the Independent Directors are evaluated include:

- The ability to contribute to and monitor our corporate governance practices.
- The ability to contribute by introducing international best practices to address business challenges and risks.
- Active participation in long-term strategic planning.
- Commitment to the fulfilment of a director's obligations and fiduciary responsibilities; these include participation in Board and Committee meetings.

To improve the effectiveness of the Board and its Committees, as well as that of each individual director, a formal Board review is internally undertaken on an annual basis. The members may refer to the Board's Report for the evaluation process followed by the Company.

5. Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee has been constituted in terms of Section 177 of the Companies Act, 2013 read with Regulations 18 and 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The terms of reference of Audit, Risk and Compliance Committee are broadly as follows:

The Audit, Risk and Compliance Committee provides direction to the audit function and monitors the quality of internal and statutory audit. The Committee functions as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act, 2013. The responsibilities of the Committee include review of the quarterly and annual financial statements before submission to Board, review and approval of related party transactions, review of compliance of internal control system, overseeing the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements, approve risk management policy, assist the Board in oversight of risk identification, evaluation and mitigation and review management's assessment of risk. The Committee also reviews the functioning of whistle blower mechanism, adequacy and effectiveness of internal audit function, review of management discussion and analysis of financial condition and results of operation.

As on March 31, 2021, the Audit, Risk and Compliance Committee comprised of 3 Directors. All are Independent Directors and the details of the same are as follows:

Director	Nature of Directorship	Designation
1. Mr. B N Subramanya	Independent Director	Chairman
2. Mr. Dinesh Krishnaswamy	Independent Director	Member
3. Mr. Muthuraman Balasubramanian	Independent Director	Member

Meetings and attendance during the year

Name of the members attending the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. B N Subramanya	June 15, 2020 August 4, 2020	5	5
Mr. Dinesh Krishnaswamy	November 2, 2020 February 5, 2021	5	5
Mr. Muthuraman Balasubramanian	March 29, 2021	5	5

6. Nomination and Remuneration Committee

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the

Companies Act, 2013 read with Regulation 19 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of the Nomination and Remuneration Committee includes determination of the Company's policy on specific remuneration packages for the Executive Directors and Senior Management, oversee the framing, review and implementation of compensation policy of the Company on behalf of the Board. The Committee's terms also include to frame a policy, procedures and schemes and to undertake overall supervision and administration of Employee Stock Option Plan (ESOP) of the Company and to review the Board structure, size and composition and make recommendation for any change. The Committee also formulates evaluation criteria for Directors and the Board.

The Nomination and Remuneration Policy is also posted on the website of the Company and can be accessed at www.narayanahealth.org.

The composition, name of members and Chairman of the Nomination and Remuneration Committee are as under:

Director	Nature of Directorship	Designation
1. Mr. Arun Seth	Independent Director	Chairman
2. Mr. Dinesh Krishnaswamy	Independent Director	Member
3. Dr. Kiran Mazumdar Shaw	Non-Executive Director	Member
4. Ms. Nivruti Rai	Independent Director	Member

Meetings and attendance during the year:

Name of the members attending the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. Arun Seth	June 15, 2020	3	3
Dr. Kiran Mazumdar Shaw	February 05, 2021 March 25, 2021	3	3
Mr. Dinesh Krishnaswamy		3	3
Ms. Nivruti Rai		3	3

7. Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

Director	Nature of Directorship	Designation
1. Mr. Muthuraman Balasubramanian	Independent Director	Chairman
2. Mr. B. N. Subramanya	Independent Director	Member
3. Mr. Viren Prasad Shetty	Executive Director and Group COO	Member

Meetings and attendance during the year:

Name of the members attended the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. Muthuraman Balasubramanian	November 02, 2020	1	1
Mr. B N Subramanya		1	1
Mr. Viren Prasad Shetty		1	1

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of the Stakeholders' Relationship Committee of our Company include effectively overseeing the resolution of the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of annual reports, resolving investors' complaints pertaining to share transfers, issue of duplicate share certificates, transmission of shares and other Shareholder related queries, complaints, monitoring implementation of code of conduct for prohibition of insider trading etc.

The details with regard to Stakeholders' grievances as on March 31, 2021 are:

Sl. No.	Particulars	Related Details
1.	Name of the Non-executive Director heading the Committee	Mr. Muthuraman Balasubramanian (Independent Director), Chairman
2.	Name and Designation of Compliance Officer	Mr. Sridhar S, Group Company Secretary, Legal and Compliance Officer
3.	No. of shareholders' complaints received as on March 31, 2021	62

Sl. No.	Particulars	Related Details
4.	No. of complaints not solved to the satisfaction of shareholders as on March 31, 2021	1
5.	No. of pending complaints as on March 31, 2021	1

8. Other Committees

a. Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

Director	Nature of Directorship	Designation
1. Mr. Dinesh Krishnaswamy	Independent Director	Chairman
2. Mr. B. N. Subramanya	Independent Director	Member
3. Mr. Viren Prasad Shetty	Group COO and Executive Director	Member

Meetings and attendance during the year:

Name of the members attending the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. Dinesh Krishnaswamy	June 15, 2020	3	3
Mr. B N Subramanya	February 05, 2021	3	3
Mr. Viren Prasad Shetty	March 25, 2021	3	3

The Committee owns the Corporate Social Responsibility Policy and recommends any changes to the policy (or related activities) from time to time to the Board. The Committee also oversees the implementation of the policy, approves plans and programs.

The Corporate Social Responsibility Policy is also posted on the website of the Company and can be accessed at www.narayanahealth.org.

b. Risk Management Committee

In terms of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 1000 listed entities, are required to constitute a Risk Management Committee. The responsibilities related to a Risk Management Committee are being performed by our Audit, Risk and Compliance Committee. The Board has nominated the Audit, Risk and Compliance committee also as Risk Management Committee.

In addition to the scope and function of the Audit, Risk and Compliance Committee of the Company as referred above, the scope of the Committee is also to assist the Board in fulfilling its responsibilities about the identification, evaluation and mitigation of operational, strategic and environmental risks. The Committee has the overall responsibility of monitoring and approving the risk policies and associated practices of the Company. It is also responsible for reviewing and approving risk disclosure statements in public documents or disclosures.

The Risk Management Policy is also posted on the website of the Company and can be accessed at www.narayanahealth.org.

As on March 31, 2021, the Audit, Risk and Compliance Committee comprised of 3 Directors. All are Independent Directors and the details of the same are as follows:

Director	Nature of Directorship	Designation
1. Mr. B. N. Subramanya - Chairman	Independent Director	Chairman
2. Mr. Dinesh Krishnaswamy - Member	Independent Director	Member
3. Mr. Muthuraman Balasubramanian - Member	Independent Director	Member

Meetings and attendance during the year

Name of the members attending the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. B N Subramanya	June 15, 2020 August 4, 2020	5	5
Mr. Dinesh Krishnaswamy	November 2, 2020	5	5
Mr. Muthuraman Balasubramanian	February 5, 2021 March 29, 2021	5	5

9. Remuneration to Directors

a. Details of remuneration to Directors for the Financial Year ended March 31, 2021

(in ₹)

Director	All elements of remuneration packages of the Directors				Total
	Salary and allowances	Contribution to PF and other funds	Other benefits and perquisites	Performance related pay	
Dr. Devi Prasad Shetty, Chairman & Executive Director	4,60,39,840	-	39,600	-	4,60,79,440
Mr. Viren Prasad Shetty, Executive Director and Group COO	94,80,240	-	-	-	94,80,240
Dr. Emmanuel Rupert MD and Group CEO	2,80,25,736	8,04,000	1,01,45,155	-	3,89,74,891

b. Remuneration to Non-executive, Independent Directors paid as on March 31 2021

(in ₹)

Director	All elements of remuneration packages of the Directors				Total
	Sitting fees (Board)	Sitting fees (Committees)	Commission**	Other benefits, if any	
Mr. Arun Seth	3,00,000	75,000	6,00,000	-	9,75,000
Dr. Kiran Mazumdar Shaw	3,00,000	75,000	6,00,000	-	9,75,000
Mr. B N Subramanya	3,00,000	2,25,000	6,00,000	-	11,25,000
*Mr. Manohar D Chatlani	2,00,000	---	-	-	2,00,000
Mr. Muthuraman Balasubramanian	3,00,000	1,50,000	6,00,000	-	10,50,000
Mr. Dinesh Krishnaswamy	3,00,000	2,75,000	6,00,000	-	11,75,000
Ms. Nivruti Rai	3,00,000	75,000	6,00,000		9,75,000

*Mr. Manohar D Chatlani attended 4 Board Meetings during the year 2020-21 as he resigned as an Independent Director with effect from January 18, 2021.

** Commission is payable subject to approval of members at the ensuing AGM.

The remuneration of Non-Executive Directors comprises of commission paid pursuant to approval of the shareholders under Section 197 of the Companies Act, 2013, sitting fees of ₹ 50,000/- per Board Meeting and ₹ 25,000/- per Committee Meeting in accordance with the provisions of Companies Act, 2013. Also, reimbursement of expenses incurred by the Non-executive Directors in connection with attending the Board Meetings, Committee Meetings, General Meetings and in relation to the business of the Company are extended to the Non-Executive Directors.

c. Service Contracts, Notice and Severance Fees

As at March 31, 2021, the Board comprises of 9 members including 3 executive directors and 6 non-executive directors of which 5 directors are Independent Directors. The Executive Directors are the employees of the Company and are subject to service conditions as per the Company's Policy. There is no separate provision for payment of severance fees. However, Independent Directors are subject to a notice period of 30 days but are not eligible for severance fees.

d. Criteria for making payment to Non-executive Directors

The criteria of making payment to the Non-executive directors is based on the varied roles played by them towards the Company. It is not just restricted to corporate governance or outlook of the Company, but they also bring along with them significant professional expertise and rich experience across the wide spectrum of functional areas such as technology, corporate strategy, finance and other corporate functions. The Company seeks their expert advice on various matters in general management, strategy, business planning, finance, science, technology and intellectual property. The Non-executive directors are currently paid a fixed commission within the limit prescribed under the Companies Act, 2013 and as per the Nomination and Remuneration Policy of the Company.

e. Disclosure of relationships between Directors inter-se

There is no inter-se relationship between any directors except Dr. Devi Prasad Shetty, Chairman & Executive Director and Mr. Viren Prasad Shetty, Executive Director and Group COO of the Company.

f. Number of shares and convertible instruments held by Non-executive Directors

- Dr. Kiran Mazumdar Shaw (Non-Executive Director) holds 47,05,671 equity shares of ₹ 10 each as on March 31, 2021.
- Mr. Arun Seth (Independent Director) holds 1,111 equity shares of ₹ 10 each of the Company as on March 31, 2021.
- Mr. Muthuraman Balasubramanian (Independent Director) holds 258 equity shares of ₹ 10 each of the Company as on March 31, 2021.

The Company has not issued any convertible instruments.

10. General Body Meetings

a. Details of location and time, where last three Annual General Meetings were held:

Financial year ended	Day, Date and Time of Annual General Meeting	Location
March 31, 2020	Monday, August 31, 2020 at 11:30 AM	Meeting held via Video Conferencing means
March 31, 2019	Saturday, the August 10, 2019 at 11.30 A.M	"Sathya Sai Samskruta Sadanam", No. 20, Hosur Road, Bengaluru - 560029
March 31, 2018	Friday, the 3rd day of August 2018 at 11.30 AM	"Sathya Sai Samskruta Sadanam", No. 20, Hosur Road, Bengaluru - 560029

b. Details of Special Resolutions passed in the previous three Annual General Meetings:

Annual General Meeting held on August 31, 2020	Issue of Debt Securities on Private Placement Basis
Annual General Meeting held on August 10, 2019	Appointment of Dr. Emmanuel Rupert (DIN: 07010883) as Managing Director and Group CEO of the Company
	Continuation of Mr. Muthuraman Balasubramanian (DIN: 00004757) as an Independent Director of the Company
	Revision in remuneration of Dr. Devi Prasad Shetty (DIN: 00252187) as Whole-time Director
	Revision in remuneration of Mr. Viren Shetty (DIN:02144586) as Whole-time Director and Group Chief Operating Officer (COO)
	Provision of loans to and / or give guarantees and / or provide securities in connection with loans raised by Meridian Medical Research and Hospital Limited, Subsidiary Company
	Issue of debt securities on Private Placement Basis
	Revision in remuneration payable to Dr. Vivek Shetty as a Consultant Surgeon, an office or place of profit under the Companies Act, 2013
	Revision in remuneration payable to Dr. Varun Shetty as a Consultant Surgeon, an office or place of profit under the Companies Act, 2013
Annual General Meeting held on August 3, 2018	Re-appointment of Dr. Devi Prasad Shetty (DIN:00252187) as Whole-time Director of the Company for a term of five years
	Re-appointment of Dr. Ashutosh Raghuvanshi (DIN: 02775637) as Managing Director of the Company for a term of five years
	Re-appointment of Mr. Viren Shetty (DIN:02144586), as Whole-time Director of the Company for a term of five years
	Re-appointment of Mr. Dinesh Krishnaswamy (DIN: 00041553) as an Independent Director of the Company for a second term of five consecutive years
	Re-appointment of Mr. Muthuraman Balasubramanian (DIN:00004757) as an Independent Director of the Company for a second term of five consecutive years
	Re-appointment of Mr. Arun Seth (DIN:00204434) as an Independent Director of the Company for a second term of five consecutive years
	Re-appointment of Mr. B.N. Subramanya (DIN:00483654) as an Independent Director of the Company for a second term of five consecutive years
	Re-appointment of Mr. Manohar D Chatlani (DIN:00101591) as an Independent Director of the Company for a second term of five consecutive years

Increase in borrowing powers of Board of Directors under Section 180(1)(c) of the Companies Act, 2013
Increase in provision for security in connection with the borrowings under Section 180(1)(a) of the Companies Act, 2013
Approval of Related Party Transaction for appointment of Dr. Anesh Shetty as Senior Manager-Operations
Approval for Related Party Transaction for appointment of Dr. Varun Shetty as Consultant Surgeon
Approval for Related Party Transaction for appointment of Dr. Vivek Shetty as Consultant Surgeon

11. Details of Postal Ballots

The Company did not pass any special resolution by means of postal ballot during the FY 2020-21 as the Company provided the facility of voting by electronic means under Section 108 of the Companies Act, 2013.

12. Details of Special Resolution proposed to be conducted through Postal Ballot at the ensuing Annual General Meeting

None of the businesses are proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

13. Remote e-voting at the Annual General Meeting

To allow the Members to vote on the resolutions proposed at the Annual General Meeting to be held through Video Conferencing facility, the Company has arranged for a remote e-voting facility. The Company has engaged National Securities Depository Limited (NSDL) to provide e-voting facility to all the Members. Members whose names appear on the register of Members as on August 20, 2021, Friday, shall be eligible to participate in the e-voting.

14. Means of Communication.

a. Financial results

The quarterly, half yearly and yearly financial results are filed with the Stock Exchanges immediately after the Board approves the same and within the stipulated timelines as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These results are published in newspapers like Financial Express (English) and Vijaya Vani (Kannada).

b. The results along with investor presentations and press release are also posted on the website of BSE Limited and National Stock Exchange of India Limited, and on Company's website i.e., www.narayanahealth.org.

15. General Shareholder Information

a. Annual General Meeting

Venue

The Company shall be conducting Annual General Meeting through Video Conferencing facility pursuant to MCA circular dated May 5, 2020 and January 13, 2021. Details are provided in the Notice of this AGM.

Day, date and time

The 21st Annual General Meeting of the Company will be held on Friday, the 27th day of August 2021, at 11:30 AM by means of Video Conferencing (VC)/Other Audio-Visual Means (OAVM).

b. Financial Year:

Financial Year covers the period from April 1, 2020 to March 31, 2021.

c. Listing on Stock Exchanges

Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE), Department of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 and National Stock Exchange of India Limited (NSE), Exchange plaza, Bandra Kurla Complex, Mumbai – 400 050. The requisite listing fees have been paid in full to the Stock Exchanges where the Company's Shares are listed.

d. Stock Exchange Codes

NSE: NH
BSE: 539551

e. International Security Identification Number (ISIN) in NSDL and CDSL for Equity Shares

ISIN: INE410P01011

f. Suspension of Trading

No securities of the Company were suspended from trading on stock exchanges during the year under review.

g. Registrar and Share Transfer Agents

KFin Technologies Private Limited situated at Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad – 500 032, Telangana.

h. Share Transfer System

Trading in equity shares of the Company through recognized Stock Exchanges is permitted only in dematerialized form.

Pursuant to amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from April 1, 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.

i. Distribution of shareholdings as on March 31, 2021

Distribution Schedule - Consolidated as on 31-03-2021					
Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1-5000	35,484	96.37	20,98,891	2,09,88,910	1.03
5001- 10000	653	1.77	4,82,964	48,29,640	0.24
10001- 20000	325	0.88	4,61,934	46,19,340	0.23
20001- 30000	78	0.21	1,90,859	19,08,590	0.09
30001- 40000	54	0.15	1,87,108	18,71,080	0.09
40001- 50000	33	0.09	1,54,029	15,40,290	0.08
50001- 100000	50	0.14	3,97,091	39,70,910	0.19
100001 & Above	144	0.39	20,03,87,928	2,00,38,79,280	98.06
Total	**36,821**	**100.00**	**20,43,60,804**	**2,04,36,08,040**	**100.00**

j. Category of Equity Shareholders as on March 31, 2021

Distribution Schedule - Consolidated as on 31-03-2021			
Category	No. of Holders	Total Shares	% of Equity Capital
Promoter Individuals	6	12,67,83,666	62.04
Mutual Funds	41	3,02,35,017	14.79
Foreign Portfolio - Corporate	72	2,24,02,590	10.96
Resident Individuals	34,764	94,92,244	4.64
Qualified Institutional Buyer	7	48,47,963	2.37
Alternative Investment Fund	9	47,51,390	2.33
Promoters Bodies Corporate	1	37,02,064	1.81
Trusts	1	14,44,086	0.71
Non-Resident Indians	613	2,08,363	0.10
Bodies Corporates	135	2,02,330	0.10
HUF	777	1,04,985	0.05
Non-Resident Indian Non Repatriable	301	97,480	0.05
Clearing Members	90	84,989	0.04
NBFC	1	2,239	0.00
Foreign Nationals	1	1,000	0.00
Banks	2	398	0.00
Total	**36,821**	**20,43,60,804**	**100.00**

k. Dematerialization of Shares & Liquidity

As on March 31, 2021, except one resident individual holding 1 (one) share in physical form, the entire Paid-up Equity Share Capital of the Company is held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited.

l. Outstanding ADRs/GDRs Warrants or any Convertible Instruments, Conversion date and likely impact on Equity

The Company had not issued any ADRs/GDRs, Warrants or any Convertible Instruments during the year under review.

m. Address for correspondence

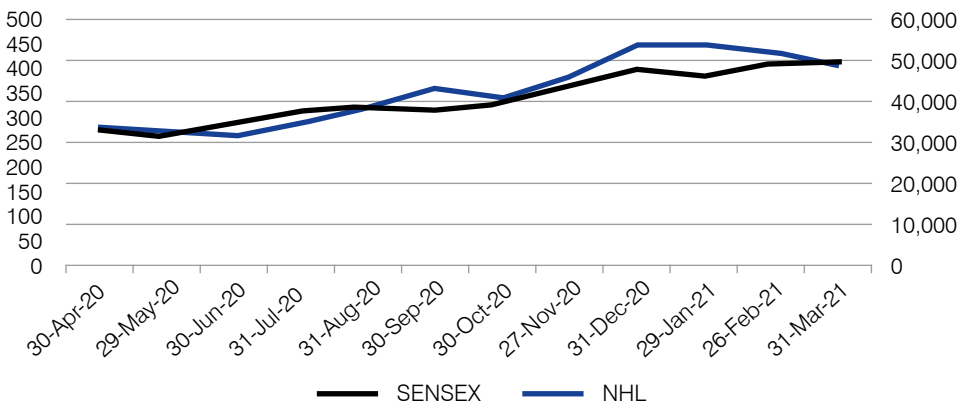
Mr. Sridhar S, Group Company Secretary, Legal and Compliance Officer.

Narayana Hrudayalaya Limited, Corporate Office, 2nd Floor, 261/A, Bommasandra Industrial Area, Anekal Taluk, Hosur Road, Bangalore – 560099.

n. Performance in comparison to broad-based indices

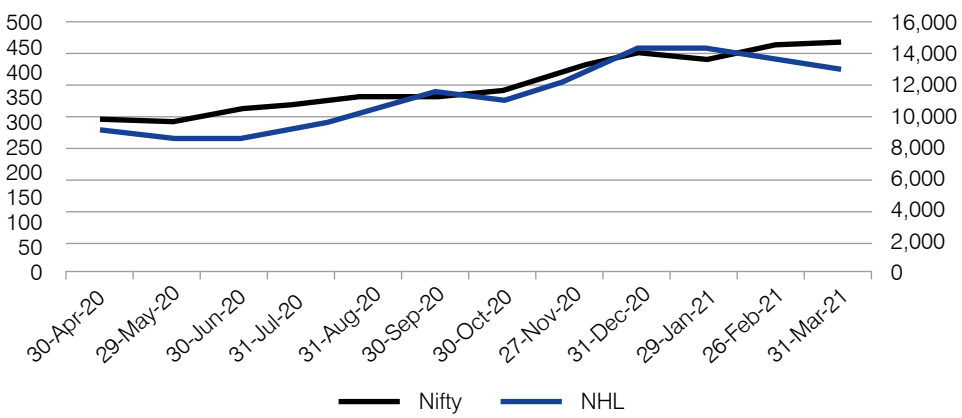
i. BSE:

Performance of Company's Shares vs. BSE SENSEX
Month end closing SENSEX and Share Price



ii. NSE

Performance of Company's Shares vs. NSE Nifty
Month end closing Nifty and Share Price



o. Unit Locations

In view of the nature of the Company's business viz., Healthcare and allied activities, the Company operates from various facilities in India and abroad.

The first facility was established in Bengaluru with approximately 225 operational beds and since then the company has grown to 21 hospitals, 4 heart centres and 19 primary care facilities across India and 1 hospital and 1 heart centre overseas.

p. Credit Ratings

The credit rating assigned to long term and short-term loans of the Company during the financial year 2020-21 is given below:

Instrument	Credit Rating
	ICRA
Long – Term Loans	AA- (stable)
Short-Term Loans	A1+

Details relating to these Credit Ratings are also available on the Company's website: https://www.narayanahealth.org/stakeholder-relations/credit-rating

q. Auditor Fees

Deloitte Haskins and Sells LLP (Firm Registration No. 117366W/W-100018) have been appointed as the Statutory Auditors of the Company. The Company paid an amount of ₹ 95,77,010/- (Rupees Ninety-five lakhs seventy seven thousand and ten only) to Statutory Auditors on a consolidated basis for the FY 2020-21.

r. Certificate from Practicing Company Secretary

The Company has received a certificate from a Company Secretary-in-Practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continued as Directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority.

s. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

The Company during the year under consideration has not raised any funds through preferential allotment or qualified institutional placement.

t. Non-acceptance of any recommendation of any Committee of the Board which is mandatorily required

The Board of Directors have taken in all the recommendations of the various Committees of the Board as statutorily prescribed.

u. Demat Suspense Account/Unclaimed Suspense Account

The Company during the year under consideration does not have any demat suspense account or unclaimed suspense account.

v. Stock Market Data

High, Low and Total Traded Quantity of the Company's equity shares during each month of the financial year 2020-21 at BSE and NSE are given below:

Month	National Stock Exchange			Bombay Stock Exchange		
	High (₹)	Low (₹)	Total Traded Quantity	High (₹)	Low (₹)	Total Traded Quantity
April 2020	299.90	238.20	34,55,341	299.00	238.75	84,014
May 2020	283.75	248.25	18,48,631	281.35	248.80	33,309
June 2020	316.80	264.00	54,98,850	316.90	250.75	2,32,523
July 2020	316.85	262.70	52,53,243	316.60	261.00	1,44,459
August 2020	359.10	265.60	66,84,108	360.00	272.70	4,94,468
September 2020	362.75	292.45	34,99,798	362.30	292.90	2,52,152
October 2020	374.35	328.00	31,58,844	374.00	328.00	1,46,390
November 2020	399.50	311.20	61,50,265	399.50	301.00	2,13,146
December 2020	453.50	367.70	54,89,394	455.00	368.60	1,76,778
January 2021	489.00	425.65	58,98,061	488.25	426.00	1,31,957
February 2021	524.65	425.00	67,17,163	524.10	424.00	2,12,229
March 2021	441.15	380.00	82,28,091	461.95	380.05	1,33,413

16. Disclosures

a. Related Party transactions

During the financial year 2020-21, there were no materially significant transactions entered into between the Company and its promoters, Directors or the Management, Holding Company, Subsidiaries, Associates or relatives that may have potential conflict with the interest of the Company at large except for those mentioned in the Directors' Report. Further, details of related party transactions form part of notes to the standalone accounts of the Annual Report and a policy about same is available on the Company's website i.e., https://www.narayanahealth.org/sites/default/files/download/codes-policies/Related-party-transaction.pdf.

b. Details of non-compliance with respect to Capital Markets

The Company has complied with all the requirements of regulatory authorities with respect to capital markets. There were no instances of non-compliances by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets during the year under review.

c. Whistle Blower Policy/Vigil Mechanism

The Company has developed a Vigil Mechanism and Whistle Blower Policy with a view to provide a mechanism for Directors, employees and stakeholders of the Company to report their genuine concern. The Whistle Blower Policy is also posted on the website of the Company and can be accessed at www.narayanahealth.org.

d. Compliance with Corporate Governance Requirements

The Company has complied with all the mandatory Corporate Governance requirements to the extent applicable to the Company.

e. Link for Policy on determining Material Subsidiaries

The Company has a Policy for determining material subsidiaries which is disclosed on website and can be accessed at https://www.narayanahealth.org/

f. Disclosure of Commodity Price Risk or Foreign Exchange Risk and Hedging activities

Information on foreign exchange risk and hedging activities are provided under Notes to Accounts of Financial Statements section of Annual Report, you are requested to refer to Note No. 43 in page No. 158 of Annual Report.

g. Disclosures regarding appointment or re-appointment of Directors

As per the Companies Act, 2013, at least two thirds of the Board should consist of retiring Directors, of these at least one third are required to retire every year.

Mr. Viren Prasad Shetty, Executive Director and Group COO of the Company, being the longest in the office, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

The detailed profile of the above director is provided as part of this Annual Report.

h. Code for Prevention of Insider Trading Practices

The Company has in place an Insider Trading policy governing determination of Legitimate purposes for sharing of Unpublished Price Sensitive Information, mechanism for internal control, mechanism for dealing with suspected leak of unpublished price sensitive information as per the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The insider trading Policy is posted on the website of the Company and can be accessed at www.narayanahealth.org.

i. Subsidiary Companies

All subsidiary companies are managed by their Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders.

The Company monitors performance of subsidiary Companies, inter-alia, by reviewing financial statements, particularly investments (wherever applicable) made by unlisted subsidiary companies.

j. Accounting Treatment in Preparation of Financial Statements

In the preparation of the financial statements, the Company has followed existing Indian Accounting Standards (Ind AS). The significant accounting policies which are consistently applied have been set out in the notes to the financial statements.

k. Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company has complied with all the mandatory provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

l. Secretarial Audit Report

Pursuant to Regulation 24A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a secretarial audit report, given by a Company Secretary in Practice. The Company in this regard, has sought a certificate from M/s. Ganapathi & Mohan, Practicing Company Secretaries, having their office at No. 31, Vidya Bhavan, 3rd Floor, West Anjaneya Temple Street, Basavanagudi, Bangalore – 560 004 (Firm Registration No. P2002KR057100).

m. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

- Number of complaints filed during the financial year: 9
- Number of complaints disposed off during the financial year: 9
- Number of complaints pending as on end of the financial year: 0

n. Discretionary requirements (Schedule II Part E of the SEBI Listing Regulations)

During the year under review, there was no audit qualification in the Auditors' Report on the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

Ernst & Young LLP, the Internal Auditors of the Company, make presentations to the Audit committee on their reports.

The Company has been filing quarterly, half yearly and yearly results with stock exchanges within the stipulated timeline and publishes on website https://www.narayanahealth.org/stakeholder-relations/financial-results and in widely circulated newspapers.

17. Declaration as required under Regulation 34(3) and Schedule V of the Listing Regulations

All Directors and senior management personnel of the Company have affirmed compliance with Narayana Hrudayalaya's Code of Conduct for the financial year ended March 31, 2021.

18. CEO and CFO Certification

The Managing Director & Group Chief Executive Officer ("MD & Group CEO") and the Chief Financial Officer (CFO) of the Company have given annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The MD & Group CEO and CFO have also given quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The annual certificate given by the MD & Group CEO and the CFO is annexed to this Annual Report.

19. Compliance Certificate on Corporate Governance

Certificate received from M/s. Ganapathi & Mohan, Practicing Company Secretaries, having their office at No. 31, Vidya Bhavan, 3rd Floor, West Anjaneya Temple Street, Basavanagudi, Bangalore – 560 004 (Firm Registration No. P2002KR057100), confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34 (3) and Regulation 53(f) read with Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this report as Annexure VII.

For and on behalf of the Board of Directors

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Emmanuel Rupert
Managing Director & Group CEO
DIN: 07010883

Place: Bengaluru
Date: May 31, 2021

ANNEXURE VII

REPORT ON CORPORATE GOVERNANCE BY COMPANY SECRETARY IN PRACTICE

To,
The Members,
M/s. NARAYANA HRUDAYALAYA LIMITED
CIN: L85110KA2000PLC027497
No. 258/A, Bommasandra Industrial Area,
Anekal.T.Q., Bangalore - 560099

We have examined the compliance of conditions of Corporate Governance by **Narayana Hrudayalaya Limited ('the Company')** for the year ended on March 31, 2021 as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation process thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations of the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For GANAPATHI & MOHAN
Company Secretaries

Sd/-
CS. G M GANAPATHI
Partner
FCS. 5659; C.P: 4520
(FRN: P2002KR057100)
UDIN: F005659C000397754

Place: Bengaluru
Date: May 31, 2021

Annexure VIII

BUSINESS RESPONSIBILITY REPORT

[As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L85110KA2000PLC027497.
2. Name of the Company: Narayana Hrudayalaya Limited.
3. Registered address: No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru - 560099.
4. Website: www.narayanahealth.org
5. E-mail id: investorrelations@narayanahealth.org
6. Financial Year reported: 2020-21.
7. Sector(s) that the Company is engaged in (Industrial activity code-wise): The Company is in the healthcare sector running, operating, maintaining multi-specialty hospitals and heart care centres and applicable NIC Code: 8610.
8. List three key products/services that the Company manufactures/provides (as in balance sheet):

   The Company provides only Healthcare Services.
9. Total number of locations where business activity is undertaken by the Company

   a. Number of International Locations (Provide details of major 5).

      The Company has one hospital in the Grand Cayman Islands and also operates 1 heart centre at Chittagong, Bangladesh

   b. Number of National Locations-

      The Company and its group has 20 owned/operated hospitals, 1 managed hospital, 4 heart centers and 19 clinics.
10. Markets served by the Company – Local/State/National/ International.

National Presence:

The Company has its hospitals and clinics in Ahmedabad, Bengaluru, Mysore, Davangere, Dharwad, Guwahati, Jaipur, Jamshedpur, Katra, Kolar, Kolkata, Raipur, Shimoga, Bellary, Delhi, Gurugram, and Mumbai.

International Presence:

Cayman Islands, Bangladesh

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): 2043.61 Million
2. Total Turnover (INR): 17,304.28 Million
3. Total Profit/(Loss) After Taxes (INR): Rs. (786.73) Million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%): Rs. 2,12,98,845

2% of the average net profits of the company during the three immediately preceding financial years in terms of Section 135 of the Companies Act, 2013.

5. List of activities in which expenditure in 4 above has been incurred:

Sl. No.	Project Name	Amount Rs. in Million
1	Mobile Mammography Unit(MMU)	2.09
2	Rajiv Gandhi Arogya Yojana (RAY)	0.11
3	Care Companion Program (CCP)	2.23
4	E-Health Centers (EHC)	2.18
5	Community radio	1.70
6	Udaan	0.66
7	Non-Communicable Diseases (NCD)	2.73
8	Suposhan	0.45
9	COVID -19 related spend	9.14
	Total	**21.30**

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

   Yes, the Company has totally Eleven Subsidiaries as on March 31, 2021.

   a. Narayana Hospitals Private Limited (India)

   b. Narayana Institute for Advanced Research Private Limited (India)

   c. Narayana Health Institutions Private Limited (India)

   d. Narayana Hrudayalaya Surgical Hospital Private Limited (India)

   e. Meridian Medical Research and Hospital Limited (India)

   f. Narayana Vaishno Devi Specialty Hospitals Private Limited (India)

   g. Narayana Cayman Holdings Limited (Cayman)

   h. Narayana Holdings Private Limited (Mauritius)

   i. NH Health Bangladesh Private Limited (Bangladesh)

   j. Health City Cayman Islands Limited (Cayman)

   k. Narayana Health North America LLC (USA)

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such subsidiary Company(s)?

   Certain business responsibility initiatives in the area of ethics, transparency and accountability, sustainable use of resources, wellbeing of employees is being implemented by all the operating subsidiaries-

   a. Narayana Hrudayalaya Surgical Hospital Private Limited (India)

   b. Meridian Medical Research and Hospital Limited (India)

   c. Narayana Vaishno Devi Specialty Hospitals Private Limited (India)

   d. Health City Cayman Islands Limited (Cayman)

   e. NH Health Bangladesh Private Limited (Bangladesh)

   f. Narayana Health North America LLC (USA)

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

   The Company does not mandate its suppliers/distributors to participate in the Company's BR initiatives. However, they are encouraged to adopt such practices and follow the concept of being responsible business.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

   (a) Details of the Director/Director responsible for implementation of the BR policy/policies:

Name	DIN	Designation
Dr. Emmanuel Rupert	07010883	Managing Director and Group CEO

   (b) Details of the BR head:

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	07010883
2	Name	Dr. Emmanuel Rupert
3	Designation-	Managing Director & Group CEO
4	Telephone number	080 71222129
5	e-mail id	investorrelations@narayanahealth.org

2. Principle-wise (as per NVGs) BR Policy/Policies:

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/ policies for	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Has the policy being formulated in consultation with the relevant stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Does the policy confirm to any national / international standards? If yes, specify? (50 words)	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	✓	✗	✓	✓	✓	✗	✓	✓	✓
6	Indicate the link for the policy to be viewed online?	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Does the Company have in-house structure to implement the policy / policies?	✓	✓	✓	✓	✗	✓	✓	✓	✓
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	✓	✓	✓	✓	✓	✗	✓	✓	✓
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	✗	✗	✗	✗	✗	✓	✗	✗	✗

Note 1 : https://www.narayanahealth.org/sites/default/files/download/codes-policies/Anti-Bribery-Policy.pdf

Note 2 : https://www.narayanahealth.org/sites/default/files/download/codes-policies/ESG-Policy.pdf

Note 3 : https://www.narayanahealth.org/sites/default/files/download/codes-policies/FAW-Policy.pdf

Note 4 : https://www.narayanahealth.org/sites/default/files/download/codes-policies/NHL-CSR-Policy-Document-2016-17.pdf

Note 5 : https://www.narayanahealth.org/sites/default/files/download/codes-policies/NHL-CSR-Policy-Document-2016-17.pdf

Note 6 : same as policy for Principle 2.

Note 7 : same as policy for Principle 2.

Note 8 : same as policy for Principle 4.

Note 9 : same as policy for Principle 2.

2. Principle-wise (as per NVGs) BR Policy/Policies: (Contd..)

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) - **Not Applicable.**

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles.	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles.	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The Company does not have financial or manpower resources available for the task.	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done within next 6 months.	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year.	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason (please specify).	NA	NA	NA	NA	NA	NA	NA	NA	NA

3. Governance related to Business Responsibility (BR):

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year?

BR performance is reviewed as a part of the ongoing business review by the Management and the Board of Directors.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company has qualified under clause (f) of sub regulation (2) of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during financial 2016-17 and hence this is the fifth year of publishing this report. The Reports for the first four Financial Years 2016-17, 2017-18, 2018-19 and 2019-20 are hosted on our website as a part of respective Annual Reports. The link for viewing the reports is https://www.narayanahealth.org/stakeholder-relations/annual-reports.

It is published annually as a part of Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE:

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes. This policy extends to NH, all its subsidiaries and all its related entities.

2. How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The details with regard to Stakeholders' Grievances are:

Sl. No.	Nature of compliant	Received	Resolved	Pending as on March 31, 2021
1.	Non-Receipt of refund orders	6	6	Nil
2.	Non-Receipt of Annual Reports	Nil	Nil	Nil
3.	Non-receipt of dividend warrants	56	55	1

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   The Company is in the Healthcare-Hospital Sector and is engaged in the treating and curing patients suffering from various diseases and thereby contributing to the health of the population in general. Apart from running and operating Hospitals, the Company is contributing to the discovery of new drugs and treatment interventions through clinical research.

   The Company has a Clinical Research Department which actively participates in many clinical trials and clinical studies in association with drug manufacturers and other institutions. The clinical research contributes towards development of new drugs for various diseases and clinical studies for better understanding various diseases and enabling interventions needed for effective treatment. The Clinical Research team comprises of doctors who are highly qualified and having expertise in various clinical specialties and who act as the principal investigators in the clinical research.

   The trials carried out at NH have played a major role in the understanding of the disease process as well as towards the management of various conditions.

   One of the important trials was assessing the utility of Coronary artery calcium scoring for predicting the risk of coronary artery disease in Indians. This enables physicians to predict the risk of developing coronary artery disease a long time before the actual event. This can potentially allow the implementation of preventive measures (primary prevention) as well as the institution of early treatment. Similar models have been developed based on these trials to predict the risk of kidney injury after cardiac surgery.

   Besides making predictions, these studies have also helped to assess the safety and efficacy of various drugs as well as implanted prostheses (like heart valves and pacing mechanisms). The trials have also allowed some cutting-edge therapeutic interventions like treatment of Patients with Acute Respiratory Distress Syndrome caused by Pneumonia using Human Bone Marrow-Derived, Cultured, Pooled, Allogeneic Mesenchymal Stromal Cells.

   The trials have especially been relevant to the current pandemic with several studies providing important insights into the diagnosis and management of COVID-19. The trials have stressed upon and aimed to provide the much-needed data on outcomes following COVID-19 infection in the Indian population as well as have compared the different therapeutic interventions to provide the most optimal treatment option in these patients.

   Thus, the trials have provided an important contribution to clinical research as well as clinical care.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

   a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   Through various energy saving initiatives undertaken by the Company, a reduction in energy consumption by ~ 0.4% and reduction in carbon footprint by ~12000 ton/year was achieved.

   b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

      Same as above

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

   a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   The Company is in the business of providing healthcare service in which the products and services as inputs are regulated by the statutes and hence, we procure the products and services from empaneled vendors who are governed by various statutes.

   In the procurement of high value utilities, the company adopted life cycle cost analysis to identify a sustainable product with lesser energy footprint. This procedure ensures that energy efficiency, resource consumption to an optimum level, while meeting the requirement.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The Company is in the business of providing healthcare service in which the products and services as inputs are regulated by the statutes and hence, we procure the products and services from empaneled vendors who are governed by various statutes.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

a. As part of water conservation initiatives, domestic waste water from hospitals are treated in on-site wastewater treatment plants and reused in the hospitals for suitable non-contact purposes like flushing, gardening, green belt development, etc.

b. Based on water quality of Reverse Osmosis reject water, the water is segregated separately and reused at suitable locations. By above means more than 15-20% of the treated waste water is recycled in various process.

c. Recyclable wastes like paper and non-contaminated plastics were collected and disposed through authorized recyclers. By above means >15% of general wastes are recycled through authorized vendors.

d. E-wastes, lead wastes and metal scraps generated at the facility were disposed through authorized recyclers/ dismantlers. Entire quantity of e-wastes and lead wastes generated are handed over to authorized recyclers.

Principle 3

1. Please indicate the total number of employees: 10,989
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 3,483
3. Please indicate the number of permanent women employees: 6,754
4. Please indicate the number of permanent employees with disabilities: 12
5. Do you have an employee association that is recognized by management? No
6. What percentage of your permanent employees is members of this recognized employee association? Not Applicable
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the financial year.

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	9	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of under mentioned employees were given safety & skill up - gradation training in the last year?

   (a) Permanent Employees: 45.5% (4,995 of 10,989)

   (b) Permanent Women Employees: 39.3% (2,651 of 6,754)

   (c) Casual/Temporary/Contractual Employees: 100% (3,483 of 3,483) – As per the contract between NH & Vendor, this is to be managed by the vendor.

   (d) Employees with Disabilities: 41.7% (5 of 12)

Principle 4

1. Has the Company mapped its internal and external stakeholders?

   Yes, the Company has mapped its internal and external stakeholders

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders

   It has been the continued effort of the CSR team to identify vulnerable and marginalized populations. Before initiating programs, we conduct baseline surveys wherein we understand demographics, socio-economic profile as well as healthcare indices. This helps us address gaps in services for identified populations.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Care Companion Program

The Care Companion Program was first set up in 2013 in the NH hospital in Mysore. The program was started in direct response to the needs of patients and to recognize patient family members as an untapped existing resource. The program focuses on creating a therapeutic alliance with the patient and creating a platform for shared power and responsibility. The program undertakes in-hospital education-cum-training program for patients' family members. Multi-lingual group teaching sessions use interactive videos for identifying warning signs of illness, checking temperature, pulse, blood pressure, timely medications etc.

The program has provided valuable insights on the knowledge & behavioral attributes of caregivers. Sensitizing caregivers on clinical, nutritional, and preventive aspects of the underlying medical condition helps create a cadre of caregivers who are better positioned to understand the clinical management, not only in the hospital, but more importantly, in the post discharge scenario. Institutionalizing the program across NH has brought uniformity & consistency in the manner that the CCP program is practiced.

Udaan

The Udaan scholarship program was started in December 2014 in Karnataka with an objective to nurture the potential of rural students from disadvantaged backgrounds and create a platform which they could leverage towards realizing medical education. Students from our Udaan program can be motivated to use their medical education in improving health care systems in their villages and small towns. It is hoped that these enabled students would fulfil their dreams of becoming able physicians, have a multiplier effect among students and practice ethical healthcare thereby serving the larger community.

The program follows a very careful selection process to ensure we are reaching out to the brightest and most deserving students who have an aptitude and are committed towards taking up science as a subject after class X and choosing the medical profession as their careers. Social and economic background of the students is verified before they become part of our program.

E-Health Centre

The e-Health center program was initiated in 2015 with focus on delivering accessible, quality and affordable primary health care to people living in resource-deprived locations of India using appropriate technologies. NH is the healthcare partner to implement, operate and manage e-Health Centers. The centers are rapidly deployable healthcare facilities powered by cloud-enabled solutions and fully equipped with workstations, open electronic records (EMR) systems, biometric patient identification and integrated diagnostic services.

Principle 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

   Applies to Company and its Subsidiaries and it also extends to the employees/ workers hired from outsourced agencies.

2. How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?

   NIL

Principle 6

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others

   The Environment Social Governance (ESG) Policy of the Company covers the Company and all its subsidiaries.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

   Yes, as part of the strategy, Company has adopted environment initiatives like resource conservation audits, sourcing energy from renewable sources and energy conservation projects to combat the effects of Climate Change, Global Warming, etc.

3. Does the Company identify and assess potential environmental risks? Y/N

   Yes.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   The Company does not have any project related to Clean Development Mechanism.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The company has achieved conservation of energy by replacement of older technology chiller, cooling tower, Pump & CFL lights at various units and reduced energy consumption. The company has implemented Online Cloud Based Energy Monitoring System at six hospitals for better analysis of opportunities to improve energy efficiency and focus on sustainability development initiatives in future. Health city Bangalore receives 90% of its energy from captive solar energy. This activity is reducing carbon emissions of 58.09 Kilo-ton/Year by consuming 12.3 MU from Solar Energy producer. Through such initiatives, the Company has reduced energy consumption by ~4% and reduction of carbon footprint by ~12000 ton/year.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?

   Yes.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of the Financial Year.

   Nil.

1. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

Yes, Narayana Hrudayalaya Limited is a Member of Association of Healthcare Providers (India) - ("AHPI")

Narayana Hrudayalaya Limited has lobbied through AHPI for the following initiatives:

(i) Medical Education Reforms:

a. Continued lobbying for generating opportunities to create more specialists;

b. Lobbied for creation of a specialty cadre of nurses and nursing assistants to effectively vaccinate Indian population.

c. Lobbied for creation of intermediate level health workforce that would enable doctors and nurses to focus on their specialized areas of work.

(ii) Information Technology in Healthcare:

a. Continued working on mobile based inpatient records for hospitals for quicker and better clinical decisions while minimising clinical errors.

b. Working on technology aided fire safety measures for hospitals.

c. Working on creation of cost-effective hospital information and management system, Electronic Medical Records and Radiological Image Management System.

(iii) Public Health Policy:

a. Part of High Level Group on Health Sector constituted by 15th Finance Commission, Government of India.

b. Chaired high level committee to advice Karnataka Government on Lockdown Exit Strategy.

c. Chaired Academics Committee of Health Sector Skills Council and have initiated work on creating courses for intermediate health workers to bridge the gaps in healthcare delivery.

d. Dr. Devi Prasad Shetty as a Chairman, Board of Governors, IIM Bangalore, involved academicians and researchers of IIMB in generating suggestions for Govt of Karnataka for effective implementation and exit strategy during COVID lock down in 2020.

e. Ongoing – Meghalaya High Court nominated advisor to Government of Meghalaya for reforms in the state Public Health system.

f. Advised Government of India and Government of Karnataka on pre-emptive measures to manage second wave of COVID in 2021.

g. Lobbied for extensive COVID vaccination as a primary measure to manage and minimize casualties in second wave of COVID.

h. Member of CAG nominated 10th Audit Advisory Board

Principle 8

1. Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle on inclusive growth and equitable development? If yes details there.

Over the past decade, Company has rolled out several social initiatives whether in fields of healthcare or education. The healthcare initiatives are mainly taken up in rural/semi-rural areas or places where there is lack of availability of adequate healthcare services.

Rajiv Gandhi Arogya Yojana (RAY)

This program was initiated in November 2005, with a vision to develop a model of rural primary health care system in Amethi. The Project currently includes one Primary Healthcare Clinic in Amethi constituency and covers the basic healthcare needs of around 200 villages catering to a population of more than 70,000 people. Non-communicable diseases (NCD) screening was additionally introduced through a portable screening kit to increase the scope of services under the program. The portable kit enables baseline screening for a wide range of conditions including obesity, diabetes, hypertension, anemia, vision disorders, as well as cardiac function. The NCD screening has helped in improving traction on the program and captured early insights on disease prevalence in the area.

Care Companion Program

The Care Companion Program was first set up in 2013 in the NH hospital in Mysore. The program was started in direct response to the needs of patients and to recognize patient family members as an untapped existing resource.

The program focuses on creating a therapeutic alliance with the patient and creating a platform for shared power and responsibility. The program undertakes in-hospital education-cum-training program for patients' family members. Multi-lingual group teaching sessions use interactive videos for identifying warning signs of illness, checking temperature, pulse, blood pressure, timely medications etc.

The program has provided valuable insights on the knowledge & behavioral attributes of caregivers. Sensitizing caregivers on clinical, nutritional, and preventive aspects of the underlying medical condition helps create a cadre of caregivers who are better positioned to understand the clinical management, not only in the hospital, but more importantly, in the post

discharge scenario. Institutionalizing the program across NH has brought uniformity & consistency in the manner that the CCP program is practiced.

E-Health Centre

The e-Health center program was initiated in 2015 with focus on delivering accessible, quality and affordable primary health care to people living in resource-deprived locations of India using appropriate technologies. NH is the healthcare partner to implement, operate and manage e-Health Centers. The centers are rapidly deployable healthcare facilities powered by cloud-enabled solutions and fully equipped with workstations, open electronic records (EMR) systems, biometric patient identification and integrated diagnostic services.

Community Radio

Your company is knowledge partner for Narayana Hrudayalaya Foundation for the community radio and runs many programmes on the community radio. The broader objective of our community radio station is to serve as a consensus building platform wherein communication processes would help the communities around us to share common understanding and common goals. The community radio was named "Namma Naadi" with focus on health, education, environment, culture and civic issues within the primary and secondary zones of Health City. Various programs were aired on Namma Naadi with participation from multiple communities of interest.

The community radio program, with internet radio software is an ideal medium to reach the local population with credible health-based information and this was evident in the context of COVID-19. Several programs were recorded and broadcast with relevance to COVID-19 symptoms, safety measures, helplines, nutrition, pregnant women and COVID, as well as pointers for those who have chronic diseases.

UDAAN

The Udaan scholarship program was started in December 2014 in Karnataka with an objective to nurture the potential of rural students from disadvantaged backgrounds and create a platform which they could leverage towards realizing medical education. Students from our Udaan program can be motivated to use their medical education in improving health care systems in their villages and small towns. It is hoped that these enabled students would fulfil their dreams of becoming able physicians, have a multiplier effect among students and practice ethical healthcare thereby serving the larger community.

The program follows a very careful selection process to ensure we are reaching out to the brightest and most deserving students who have an aptitude and are committed towards taking up science as a subject after class X and choosing the medical profession as their careers. Social and economic background of the students is verified before they become part of our program.

Non-Communicable Diseases

The NCD program was initiated in June 2017 with a focus to improve awareness and conduct screening for non-communicable diseases including breast and oral cancer. The focus has been on a continuum of activities including promotive, preventive, curative and palliative care services.

The focus of the program has been on promotive, preventive, curative as well as palliative activities. Program staff at various locations coordinate with several groups in both urban and rural settings to increase the reach of screening services.

Suposhan

Suposhan program was envisaged as a pilot intervention in Jaipur District in collaboration with Britannia Nutrition Foundation, National Health Mission, Rajasthan and the Jaipur education department. The program, modelled as an action research study, aimed at introducing iron fortification in a palatable manner which would be an adjunct to the existing WIFS program. In addition, the program was supplemented by efforts to engage students on need for iron fortification and supplementation, nutritional and hygiene guidelines.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   122 cases are pending before consumer forums and civil courts pertaining to customers as on the end of financial year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).

   Company is a healthcare service provider and hence this question is not applicable.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so

   NIL.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

   The Company collects patient feedback (OP, IP and health check-up patients) through physical feedback forms. Feedback is also collected through the website and reviewed by the Company.

ANNEXURE IX

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

To,
The Members,
NARAYANA HRUDAYALAYA LIMITED
CIN: L85110KA2000PLC027497
No. 258/A, Bommasandra Industrial Area,
Anekal.T.Q., Bengaluru - 560099

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by "**NARAYANA HRUDAYALAYA LIMITED**" **(CIN: L85110KA2000PLC027497)** having its registered office at No.258/A, Bommasandra Industrial Area, Anekal.T.q., Bengaluru - 560099(herein after referred to as "**Company**"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information, declaration of compliance provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes' books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

1. The Companies Act, 2013, (the Act) and the rules made thereunder.
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
    a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
    b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    d) The Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009;
    e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
    f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
6. Other laws specifically applicable to the Company;
    i. Clinical Establishments (Registration & Regulations) Act, 2010.
    ii. Karnataka Private Medical Establishments Act, 2007.

iii. Drugs and Cosmetics Act, 1940 and Rules 1945.

iv. Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 (Ethics Regulations).

v. National Medical Commission Act, 2019

vi. Indian Medical Degree Act, 1916

vii. Indian Nursing Council Act, 1947

viii. Atomic Energy Act, 1962 and Rules thereunder.

ix. Narcotic Drugs and Psychotropic Substance Act, 1985.

x. Medical Termination of Pregnancy Act, 1971 and the rules and regulations thereunder.

xi. Pre-Natal Diagnostic Techniques (Regulations & Preventions of Misuse) Act, 1994.

xii. Transplantation of Human Organs Act, 1994.

xiii. Registration of Births and Deaths Act, 1969.

xiv. Water (Prevention and Control of Pollution) Act, 1974.

xv. Air (Prevention and Control of Pollution) Act, 1981.

xvi. Bio-medical Waste (Management and Handling) Rules, 1998.

xvii. Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008.

xviii. Pre-conception and Prenatal Diagnostic Techniques (Prohibition of Sex Selection) Rules, 1996.

xix. The Information Technology Act, 2000

xx. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

xxi. The Safety Code for Medical Diagnostic X-Ray Equipment and Installations, 2001 ("X-Ray Safety Code")

xxii. Indian Boilers Act, 1923 ("Boilers Act")

xxiii. Various State laws wherein the Company has its establishments.

We have relied on the representation made by the Company and its Officers for the systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, Rules and Regulations to the Company.

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India notified as applicable to Companies pursuant to Section 118 (10) of the Companies Act 2013.

b) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

c) Tripartite Agreements signed with National Securities Depositories Limited and Central Securities Depositories (India) Limited.

d) Various circulars, notifications, guidelines issued by the Ministry of Corporate Affairs, SEBI and various State Governments during the period of COVID -19 Pandemic.

During the period under review, the Company has largely complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that, the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

WE FURTHER REPORT THAT:

i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Director, Independent Directors and Independent Women Director.

ii. Adequate notice is given to all directors to schedule the Board and other Committee meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii. All decisions were taken with the approval of majority directors in each such meetings of the Board and committees of the Board and no dissenting views have been recorded.

We further report that, based on the review of the compliance mechanism adopted by the Company regarding compliance with the applicable laws and its adherence, there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has reported following events/activities having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc:

(a) Approval of members was taken by way of special resolution, at the Annual General Meeting held on August 31, 2020 for issue of debt securities, secured or unsecured, including redeemable Non-Convertible Debentures not exceeding INR 200 Crores during the period of one year from the date of Annual General Meeting in one or more series/ tranches, denominated in Indian Rupees or in any foreign currency on a private placement basis.

(b) Mr. Manohar D Chatlani (DIN: 00101591) has resigned, from the position held in the Company as Independent Director, effective from January 18, 2021.

(c) The Board of Directors at their meeting held on February 5, 2021 have approved the merger of Narayana Cayman Holdings Limited, Cayman Islands (NCHL), a wholly owned subsidiary of Narayana Hrudayalaya Limited (NHL) with Health City Cayman Islands Limited, Cayman Islands (HCCI), a wholly owned subsidiary of NCHL and a step-down subsidiary of Narayana Hrudayalaya Limited and the same has been approved by the appropriate authorities vide certificate of Merger dated March 02, 2021 with the effective date of merger being April 01, 2021.

We further report that, during the audit period, there were no instances of:

a) Public / Rights / Preferential issue of shares / debentures / sweat equity.

b) Redemption/ buy back of securities

c) Foreign technical collaborations.

This report shall be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

For Ganapathi & Mohan
Company Secretaries

Sd/-
CS. G M GANAPATHI
Partner
FCS. 5659; C.P: 4520
(FRN: P2002KR057100)
UDIN: F005659C000397710

Place: Bengaluru
Date: May 31, 2021

Annexure - A

To,
The Members,
NARAYANA HRUDAYALAYA LIMITED
CIN: L85110KA2000PLC027497
No. 258/A, Bommasandra Industrial Area,
Anekal.T.Q., Bengaluru - 560099

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

7. Due to prevailing COVID-19 pandemic, we could not able to have personal interaction with the heads of various departments. The audit was conducted based on the verification of the Company's books, papers, minutes books, forms and returns filed, documents and other records furnished by or obtained from the Company electronically.

8. We further report that the Compliance by the Company of applicable financial laws like Direct & Indirect tax laws, the correctness and appropriateness of financial records, cost records and books of accounts of the Company has not been reviewed in this audit, since the same has been subject to review by the statutory financial auditor and other designated professionals.

For Ganapathi & Mohan
Company Secretaries

Sd/-
CS. G M Ganapathi
Partner
FCS: 5659; C.P: 4520
(FRN: P2002KR057100)

Place: Bengaluru
Date : May 31, 2021

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
NARAYANA HRUDAYALAYA LIMITED
No.258/A, Bommasandra Industrial Area
Anekal.T.Q.Bangalore – 562158

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Narayana Hrudayalaya Limited having CIN L85110KA2000PLC027497, having registered office at No.258/A, Bommasandra Industrial Area, Anekal.T.Q.Bangalore – 562158 (hereinafter referred to as "the Company"), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V, Para-C, Sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2021 have been debarred or disqualified from being appointed or continued as Director of the Company, by the Securities and Exchange Board of India(SEBI), Ministry of Corporate Affairs, Government of India (MCA) or any such Statutory Authority. The details of directors of the Company are:

Sl. No.	Name of the Director	DIN	Designation	Date of Appointment
01.	Mr. Devi Prasad Shetty	00252187	Chairman cum Whole-time Director	19/07/2000
02.	Dr. Kiran Mazumdar Shaw	00347229	Non-executive Director	06/02/2008
03.	Mr. Viren Prasad Shetty	02144586	Whole-time Director	10/04/2008
04.	Mr. Muthuraman Balasubramanian	00004757	Independent Director	06/05/2015
05.	Mr. Arun Seth	00204434	Independent Director	06/05/2015
06.	Mr. Subramanya Bangalore Nagappa	00483654	Independent Director	30/06/2015
07.	Mr. Dinesh Krishnaswamy	00041553	Independent Director	08/08/2015
08.	Dr. Emmanuel Rupert	07010883	Managing Director	03/02/2019
09.	Ms. Nivruti Rai	01353079	Independent Women Director	27/03/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For GANAPATHI & MOHAN
Company Secretaries

Sd/-
CS. G M GANAPATHI
Partner
FCS. 5659; C.P: 4520
(FRN: P2002KR057100)
UDIN: F005659C000397611

Place: Bengaluru
Date: May 31, 2021

ANNEXURE X

SECRETARIAL COMPLIANCE REPORT OF
NARAYANA HRUDAYALAYA LIMITED (CIN: L85110KA2000PLC027497)
FOR THE YEAR ENDED 31ST MARCH 2021

(Pursuant to Rule 3(b) of SEBI Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019)

We have examined:

(a) all the documents and records made available to us and explanation provided by NARAYANA HRUDAYALAYA LIMITED ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the financial year ended March 31, 2021("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued there under; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made there under and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued there under, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015;

(b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;

(c) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,2014;

(d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015;

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

(f) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; and circulars/ guidelines issued thereunder;

And based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has largely complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, wherever applicable.

(b) The listed entity has generally maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.

(c) As per the information provided to us, there are no actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

(d) The listed entity has taken the following actions to comply with the observations made in previous reports : NIL

For GANAPATHI & MOHAN
Company Secretaries

Sd/-
CS. G M GANAPATHI
Partner
FCS: 5659; C.P: 4520
(FRN: P2002KR057100)
UDIN:F005659C000397743

Place: Bengaluru
Date: May 31, 2021

ANNEXURE XI

DISCLOSURES BY THE BOARD OF DIRECTORS

[Pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 read with Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014]

A. Details related to ESOP

(i) Summary of status of ESOP

(a)	Date of shareholders' approval	September 12, 2015
(b)	Total number of options approved under ESOP	9,97,947
(c)	Vesting requirements	All vested options shall be respectively exercised in one or more tranches within a period of 4 (four) years from the date of first Vesting, failing which the Options shall lapse.
(d)	Exercise price or pricing formula	**Exercise Price:** ₹ 10 per option. **Pricing Formula:** The options are granted at face value of ₹ 10 per equity share. The number of options granted to each eligible employee are determined by his length of service and current responsibility handled and future potential contribution.
(e)	Maximum term of options granted	4 years.
(f)	Source of shares (primary, secondary or combination)	Secondary Market
(g)	Variation in terms of options	Nil

(ii) Method used to account for ESOP - Fair Value. Refer to note 43 of Consolidated Financial Statements.

B. Option movement during the year (for each ESOP):

Particulars	Details
Number of options outstanding at the beginning of the period	1,94,837
Number of options granted during the year	Nil
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	54,935
Number of options exercised during the year	34,170
Number of shares arising as a result of exercise of options	34,170
Money realized by exercise of options (INR), if scheme is implemented directly by the company	3,41,700
Loan repaid by the Trust during the year from exercise price received	NA
Number of options outstanding at the end of the year	1,60,667
Number of options exercisable at the end of the year	87,420

C Employee wise details (Name of employee, Designation, Number of options vested during the year, exercise price) of options vested with:

(a)	Senior Managerial personnel	1. Dr. Emmanuel Rupert, Managing Director & Group CEO • Options vested during the year – 54,935 • Options exercised during the year – 22,450 shares of 1st vesting. • Exercise price – ₹ 10 2. Mr. Sunil Kumar C N, Regional Director • Options vested during the year – 0 • Options exercised during the year – 4,396 (4th year vested shares exercised in FY 2020-21). • Exercise price – ₹ 10
(b)	Any other employee who receives a grant of options in any one year of option amounting to 5% or more of options granted during that year	None
(c)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	None

D. Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

(a)	The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	Refer note 43 of consolidated financial statements.
(b)	The method used, and the assumptions made to incorporate the effects of expected early exercise;	Method- Black Scholes Valuation option pricing model
(c)	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Refer note 43 of consolidated financial statements.
(d)	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Not Applicable

E. Disclosures in respect of grants made in three years prior to IPO under each

ESOP: NA

F. Disclosures in respect of transactions made by Trust under ESOP Scheme

(i) General information on the scheme

S. No.	Particulars	Details
1	Name of the Trust	Narayana Health Employees Benefit Trust
2	Details of the Trustee(s)	Mr. A Shankar and Mr. Murali Krishnan K N
3	Amount of loan disbursed by company/any company in the group, during the year	Nil
4	Amount of loan outstanding (repayable to company/ any company in the group) as at the end of the year	Nil
5	Amount of loan, if any, taken from any other source for which company/any company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil

(ii) Brief details of transactions in shares by the Trust

1.	Number of shares held at the beginning of the year;	14,69,203
2.	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid-up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	0
3.	Number of shares transferred to the employees / sold along with the purpose thereof;	*25,117
4.	Number of shares held at the end of the year.	14,44,086

*Signifies shares that were transferred during the year 2020-21. Although a total of 34,170 shares were exercised during the year 2020-21 by eligible employees, 25,117 shares were transferred to eligible employees which consisted of 13,397 shares that were exercised in FY 2019-20 but could not be transferred by the Company in FY 2019-20 due to the COVID-19 pandemic.

(iii) In case of secondary acquisition of shares by the Trust

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	Not applicable
Acquired during the year	
Sold during the year	
Transferred to the employees during the year	
Held at the end of the year	

Independent Auditor's Report

To The Members of Narayana Hrudayalaya Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Narayana Hrudayalaya 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, the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone 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 Standalone 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 standalone 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 standalone financial statements.

Emphasis of Matter

We draw attention to Note 45 of the Standalone 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 results 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, property, plant and equipment and intangible assets. 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 Standalone financial statements.

Our Opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditor's Response
Impairment of Investment and loan	**Principal audit procedures performed:**
Impairment evaluation carried out by Management for investment made in one of the operating subsidiaries of the Company due to significant losses incurred in one of the Cash Generating Units (hereinafter referred to as "the CGU") of the said Subsidiary. The balance sheet includes Rs. 1,493.66 Mio of investment and Rs. 97 Mio of current unsecured loans relating to this Subsidiary. Impairment of investment has been identified as a key audit matter due to: • The significance of the carrying value of the assets being assessed; and • The assessment of the carrying value of the Investments involves assumptions and exercising significant judgements in estimating the recoverable value of the CGU, including taking into account the possible effect of the pandemic relating to COVID-19. Any adverse changes to these assumptions could result in lower recoverable value than the carrying amount.	a. Evaluated the design and implementation of the relevant controls and the operating effectiveness of such internal controls which inter-alia includes the completeness and accuracy of the input data considered, reasonableness of the assumptions considered in determining the present value of future cash flows. b. Obtained the business projections of the Subsidiary (prepared by the Management) and performed the following procedures: i. Conducted discussions with the Company/Subsidiary personnel to identify if factors that, in our professional judgement, should be taken into account in the analysis were considered. ii. Compared the actual revenues and cash flows generated by the Subsidiary during the year with the plan and estimates considered in the previous year iii. Verified if the cash flow projections of the Subsidiary considered for the assessment of impairment were as per cash flow projections reviewed and approved by the Board of Directors of the Company and the Subsidiary. iv. Evaluated the Management's future cash flow projections, with regard to the appropriateness of key assumptions considered, including discount rate, growth rate, sensitivity analysis of the key assumptions etc. duly considering the impact of the COVID-19 pandemic and also considering the historical accuracy of the Company's estimates in the prior periods, and comparison of the assumptions with observable market data wherever available. v. Consulted with valuation specialists to review key assumptions considered in the future cash projections such as discount rate etc.

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

- The Company's Board of Directors is responsible for the other information. Other information comprises the information included in the Annual Report, for example, Corporate Overview, Key Highlights, Directors' Report, Report on Corporate Governance, Management Discussion & Analysis Report, etc. but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone 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 standalone 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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.

- 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   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 has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

      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/W-100018)

Monisha Parikh
Partner
(Membership No. 47840)
UDIN:- 21047840AAAACF6428

Place:- Ahmedabad
Date :- May 31, 2021

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 Hrudayalaya Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone 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 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 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/W-100018)

Monisha Parikh
Partner
(Membership No. 47840)
UDIN:- 21047840AAAACF6428

Place:- Ahmedabad
Date :- May 31, 2021

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 3 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) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(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) According to the information and explanations given to us, during the year the Company has granted unsecured loan, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as 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 been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of services rendered. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.

(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, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, 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, Excise Duty, Value Added Tax, 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) Details of dues of Income-tax, Sales Tax and Value Added Tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

(₹ in million)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in Million)	Amount Unpaid (Rs. in Million)
Income tax Act, 1961	Income Tax	Commissioner of Income tax (Appeals)	FY 2011-12	12.68	-
			FY 2012-13	10.96	-
			FY 2013-14	40.86	-
			FY 2015-16	14.04	0.76
			FY 2016-17	30.67	-
Sales Tax of Rajasthan	Entry Tax	High court of Rajasthan	FY 2010-11	7.41	6.29
			FY 2011-12	0.30	0.25
			FY 2012-13	0.82	0.69
			FY 2013-14	1.47	1.22
Customs Act, 1962	Customs Duty	Customs, Excise and Service Tax Appellate Tribunal	FY 2012-13	1.74	0.41

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to banks and financial institutions. The Company has not taken any loans or borrowings from government and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(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 paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, 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.

(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 subsidiary or associate 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/W-100018)

Monisha Parikh
Partner
(Membership No. 47840)
UDIN:- 21047840AAAACF6428

Place:- Ahmedabad
Date :- May 31, 2021

Balance Sheet

(₹ in million)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,829.18	9,407.67
Capital work-in-progress	4	34.81	26.45
Right of use assets	5	1,629.40	1,911.91
Intangible assets	4	240.23	270.64
Intangible assets under development	4	16.50	-
Financial assets			
Investments	6	6,453.24	6,193.29
Loans	7	542.65	571.30
Other financial assets	8	4.62	4.20
Income tax assets (net)	9	297.03	785.57
Other non-current assets	10	77.80	155.54
Total non-current assets		**18,125.46**	**19,326.57**
Current assets			
Inventories	11	228.11	338.50
Financial assets			
Trade receivables	12	1,543.86	1,470.16
Cash and cash equivalents	13	502.95	407.56
Bank balances other than above	13	58.96	115.11
Loans	7	130.67	154.31
Other financial assets	8	210.31	155.73
Other current assets	10	206.19	233.76
Total current assets		**2,881.05**	**2,875.13**
TOTAL ASSETS		**21,006.51**	**22,201.70**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	2,043.61	2,043.61
Other equity	15	8,852.82	9,615.17
Total equity		**10,896.43**	**11,658.78**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	3,226.60	3,781.33
Lease liabilities	17	1,416.75	1,625.71
Other financial liabilities	18	192.12	236.40
Provisions	19	226.67	181.01
Deferred tax liabilities (net)	39	111.91	525.37
Other non-current liabilities	20	172.11	215.71
Total non-current liabilities		**5,346.16**	**6,565.53**
Current liabilities			
Financial liabilities			
Borrowings	16	121.84	-
Lease liabilities	17	214.94	191.42
Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		8.68	44.50
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,088.94	2,565.03
Other financial liabilities	18	676.79	612.98
Provisions	19	235.15	270.14
Other current liabilities	20	417.58	293.32
Total current liabilities		**4,763.92**	**3,977.39**
TOTAL EQUITY AND LIABILITIES		**21,006.51**	**22,201.70**

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
Partner

Place: Ahmedabad
Date: May 31, 2021

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 31, 2021

Viren Prasad Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 31, 2021

Statement of Profit and Loss

(₹ in million)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from operations	22	16,539.29	22,393.51
Other income	23	764.99	241.42
Total income (A)		**17,304.28**	**22,634.93**
EXPENSES			
Purchase of medical consumables, drugs and surgical instruments		4,666.46	5,403.30
Changes in inventories of medical consumables, drugs and surgical instruments - (Increase)/ Decrease	24	110.39	155.08
Employee benefits expense	25	4,029.50	4,486.19
Professional fees to doctors		4,063.17	5,060.41
Other expenses	26	3,980.97	4,721.62
Expenses before finance costs, depreciation and amortisation and exceptional items (B)		**16,850.49**	**19,826.60**
Earnings before finance costs,depreciation and amortisation, exceptional items and tax (A- B)		**453.79**	**2,808.33**
Finance costs (C)	27	434.66	491.13
Depreciation and amortisation expense (D)	28	1,228.99	1,277.16
Total expenses (E) = (B+C+D)		**18,514.14**	**21,594.89**
Profit/ (loss) before exceptional items and tax (F) = (A-E)		**(1,209.86)**	**1,040.04**
Exceptional items Gain/(loss) (G)		-	-
Profit/ (loss) before tax (H) = (F+G)		**(1,209.86)**	**1,040.04**
Tax expense:			
Current tax			
- Current year		-	388.52
- Prior years		-	(15.00)
Deferred tax charge / (credit)		(423.13)	(10.91)
Total tax expense (I)		**(423.13)**	**362.61**
Net Profit/ (loss) for the year (J) = (H-I)		**(786.73)**	**677.43**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		(5.83)	(3.06)
Income tax effect		2.04	1.07
Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/ (losses) in cash flow hedge		33.52	(67.64)
Income tax effect		(11.71)	23.63
Other comprehensive income/(loss) for the year, net of income tax (K)		18.02	(46.00)
Total comprehensive income/ (loss) for the year (J+K)		**(768.71)**	**631.43**
Earnings/ (loss) per share	38		
Basic (₹)		(3.88)	3.34
Diluted (₹)		(3.88)	3.34

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
Partner

Place: Ahmedabad
Date: May 31, 2021

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 31, 2021

Viren Prasad Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 31, 2021

Statement of Changes in Equity for the year ended March 31, 2021

(a) Equity share capital

(₹ in million 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	**20,43,60,804**	**2,043.61**
Changes in equity share capital during 2019-20 (refer note 14)	-	-
Balance as at March 31, 2020	**20,43,60,804**	**2,043.61**
Changes in equity share capital during 2020-21 (refer note 14)	-	-
Balance as at March 31, 2021	**20,43,60,804**	**2,043.61**

(b) Other equity

(₹ in million)

Particulars	Reserves and Surplus						Items of OCI		Total other equity
	Capital Reserve	Securities Premium Reserve	Treasury Shares	Share options outstanding (refer note 40)	General Reserve	Retained earnings	Effective portion of Cash flow hedge reserve	Re-measurement of defined benefit plans	
Balance at April 1, 2019	**1.54**	**5,002.13**	**(15.57)**	**23.22**	**250.00**	**4,403.04**	**(21.59)**	**(7.87)**	**9,634.90**
Profit for the year	-	-	-	-	-	677.43	-	-	677.43
Other comprehensive income (OCI) (net of tax)	-	-	-	-	-	-	(44.01)	(1.99)	(46.00)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**677.43**	**(44.01)**	**(1.99)**	**631.43**
Transaction recorded directly in equity									
Exercise of share options	-	21.05	1.01	(21.05)	-	-	-	-	1.01
Share-based payment expenses	-	-	-	30.26	-	-	-	-	30.26
Shares forfeited during the year	-	-	-	(0.15)	-	-	-	-	(0.15)
Dividends (including dividend distribution tax)	-	-	-	-	-	(489.70)	-	-	(489.70)
Impact on account of adoption of Ind AS 116 (net of tax)	-	-	-	-	-	(192.58)	-	-	(192.58)
Balance as at March 31, 2020	**1.54**	**5,023.18**	**(14.56)**	**32.28**	**250.00**	**4,398.19**	**(65.60)**	**(9.86)**	**9,615.17**
Profit for the year	-	-	-	-	-	(786.73)	-	-	(786.73)
Other comprehensive income (OCI) (net of tax)	-	-	-	-	-	-	21.81	(3.79)	18.02
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(786.73)**	**21.81**	**(3.79)**	**(768.71)**
Transaction recorded directly in equity									
Exercise of share options	-	2.45	0.34	(2.45)	-	-	-	-	0.34
Share-based payment expenses	-	-	-	6.02	-	-	-	-	6.02
Balance as at March 31, 2021	**1.54**	**5,025.63**	**(14.22)**	**35.85**	**250.00**	**3,611.46**	**(43.79)**	**(13.65)**	**8,852.82**

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 Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Prasad Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 31, 2021

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 31, 2021

Statement of Cash Flows

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Profit / (loss) after tax	(786.73)	677.43
Adjustments :		
Income tax charge /(credit)	(423.13)	362.61
Depreciation and amortisation	1,228.99	1,277.16
Provision for loss allowance	(32.43)	57.70
Bad receivables written off	30.00	7.50
Interest income	(83.93)	(16.69)
Interest income from financial asset at amortised cost	(34.34)	(35.61)
Finance costs	434.66	491.13
Share based payment expenses	6.02	29.95
Guarantee commission income	(5.84)	(6.78)
Government grant income	(42.35)	(38.97)
Loss on disposal of assets	50.12	51.13
Dividend received from subsidiary	(455.22)	-
Provision for other than temporary diminution in the value of investments	-	13.00
Profit on sale of investment	-	(18.69)
Unrealised foreign exchange gain/(loss) (net)	36.97	(121.96)
Operating cash flow before working capital changes	**(77.21)**	**2728.91**
Changes in trade receivables	(71.96)	30.30
Changes in inventories	110.39	155.08
Changes in loans, other financial assets and other assets	175.29	190.41
Changes in trade payables, other financial liabilities and other liabilities	592.63	241.89
Changes in provision	6.88	80.81
Cash generated from operations	**736.02**	**3,427.40**
Income taxes (paid) / refund received (net)	498.21	(563.06)
Net cash generated from operating activities (A)	**1234.23**	**2,864.34**
Cash flow from investing activities		
Acquisition of Property, plant and equipment (including capital work-in-progress, Intangible assets and Intangible assets under development)	(356.74)	(939.24)
Proceeds from sale of property, plant and equipment	3.05	12.30
Investment in equity shares of subsidiaries and other (Refer Note 33)	(259.95)	(246.32)
Proceeds from sale of investment in subsidiaries	-	5.42
Loan given to subsidiaries	(274.50)	(365.00)
Loan repaid by subsidiaries	177.50	292.50
Purchase of mutual fund	-	(7455.00)
Proceeds from sale of mutual fund	-	7,473.69
Investment in bank deposits	(4.64)	(113.44)
Proceeds from bank deposits	60.52	33.68
Dividend received from subsidiary	455.22	-
Interest received	81.43	11.46
Net cash (used in) investing activities (B)	**(118.11)**	**(1289.95)**
Cash flow from financing activities		

Statement of Cash Flows (Contd..)

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Proceeds from long-term borrowings	75.00	391.97
Repayment of long-term borrowings	(609.27)	(992.44)
Dividend paid on equity share	-	(489.70)
Proceeds from exercise of share options	0.34	1.01
Interest and other borrowing costs	(278.06)	(326.30)
Payment of lease liabilities (Refer Note 37)	(330.58)	(280.32)
Net cash (used in) from financing activities (C)	**(1142.57)**	**(1695.78)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(26.45)**	**(121.39)**
Cash and cash equivalents at the beginning of the year (refer note 13)*	407.56	528.95
Cash and cash equivalents at the end of the year (refer note 13)	**381.11**	**407.56**

*Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

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
Partner

Place: Ahmedabad
Date: May 31, 2021

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 31, 2021

Viren Prasad Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 31, 2021

Notes

to the standalone financial statements for the year ended March 31, 2021

1. Company overview

Narayana Hrudayalaya Limited ('the Company') was incorporated on July 19, 2000 under the Companies Act, 1956. The Company headquartered in Bengaluru is primarily engaged in the business of rendering medical and healthcare services. The Company was rebranded as 'Narayana Health' in 2013. It has a network of multispecialty and superspeciality hospitals spread across multiple locations. The Company owns and operates certain hospitals and also enters into management agreements with hospitals under which the Company acquires the operating control of the hospitals.

2. Basis of preparation of the financial statements

2.1. Statement of compliance

The financial statements have been prepared in accordance of 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 accounting policies are included in Note 3.

2.2. 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 million, except share data and per share data, unless otherwise stated.

2.3. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.4. 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.

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

Judgments

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

Note 37 - Leases

Note 29 – Assessment of contingent liabilities and commitments

Note 43 - Financial instruments

Note 40 - Share based payments

Assumptions and estimation uncertainties

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

Note 39- recognition of deferred tax assets

Note 34 - measurement of defined benefit obligation; key actuarial assumptions

Note 29- recognition and measurement of contingencies; key assumptions about the likelihood and magnitude of outflow of resources.

Note 4 - useful life of property, plant and equipment and intangible assets

Note 6 to 8, 12, 13 and 43 - recognition of impairment of financial assets

2.5. 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.

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– 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 recognizes 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 43 – financial instruments;

Note 40 – share based payment arrangement;

3. Significant accounting polices

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.

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

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

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- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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 classified as measured at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

Derivative financial instruments

Hedge accounting:

The Company uses derivative financial instruments to manage risks associated with interest rate fluctuations relating to foreign currency loan taken by the company.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss

Cash flow hedge:

The Company has designated derivative financial instruments taken for interest rate as 'cash flow' hedges relating to foreign currency loan taken by the company.

The use of derivative financial instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging

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reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognised in profit & loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the statement of profit and loss.

Others:

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and the ineffective portion of cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because the beneficiary fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Company are measured at their applicable fair values.

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 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 and 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 value 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 Goods and Service 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. Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share based payment to its employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares. Own equity instruments that are acquired (treasury shares) are recognized at cost and deducted from equity. When the treasury shares are issued to the employees by EBT, the amount received is recognized as an increase in other equity and the resultant is transferred to securities premium.

3.5. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions

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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. Bank overdrafts are classified as part of cash and cash equivalents as they form an integral part of an entity's cash management.

3.6. 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.

'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 excess of earnings.

Other healthcare services

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

Interest

Interest income is recorded using the effective interest rate (EIR) which 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.

Dividend:

Dividend income is recognised when the Company's right to receive dividend is established.

3.7. Property, Plant and Equipment and intangible assets

(i) 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. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term. Freehold land is not depreciated. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Block of assets	Useful life
Building	60 years
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
Vehicles	5 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

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lives are as prescribed under Part C of Schedule II of the Companies Act, 2013 except vehicles where useful life considered by management is lower.

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.

(ii) Intangible assets

Intangible assets acquired separately

Intangible assets that are acquired separately 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

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.

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.

Internally generated intangible assets

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation

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.

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	10 years

3.8. Business combination and Goodwill

Business combination

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

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The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs incurred in connection with a business combination are expensed as incurred.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Company determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Company then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Company recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Company recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

3.9. Investment in subsidiaries

Investment in subsidiaries is measured at cost.

3.10. Government grants

Grants from the Government are recognised when there is reasonable assurance that:

(i) the Company will comply with the conditions attached to them; and

(ii) the grant will be received

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income.

The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset

3.11. 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 exgratia. 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 a 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 to Government administered provident fund 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 qualified actuary using the projected unit credit method.

The gratuity scheme is administered by a third party. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the net defined obligation at the beginning of the

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annual period to the then-net defined benefit liability (asset), taking into account any changes as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized 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 any leave accumulated in excess of sixty days or 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.

Employee Stock Option Plan (ESOP)

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

3.12. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

3.13. Leases

The Company's lease asset classes primarily consist of leases for land & buildings and equipment. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense over the lease term.

3.14. Earnings per share

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

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Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

3.15. Income tax

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

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted by the reporting dates.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the assets and settle the liability on a net basis or simultaneously.

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.

Minimum Alternative tax

According to Section 115JAA of the Income tax Act, 1961, Minimum Alternative Tax (MAT') paid over and above the normal Income tax in a subject year is eligible for carry forward for fifteen succeeding assessment year for set-off against normal Income tax liability. The MAT credit asset is assessed against the entity's normal income tax during the specified period.

3.16. Foreign exchange transactions and translations

Transactions in foreign currencies are recorded at prevailing rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss.

3.17. Impairment

a. Impairment of financial instruments

The Company recognizes 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 and debt securities at fair value through other comprehensive income (FVTOCI) are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

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- 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, qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the 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, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss.

3.18. Segment Reporting

Operating results are regularly reviewed by the Chief Operating Decision Maker ('CODM') who makes decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.19. Non-current assets or disposal groups held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification held for sale and subsequent gain and losses on re- measurement are recognized in the statement of profit and loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortized or depreciated.

3.20. 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.

3.21. Share issue expenses

Share issue expenses are adjusted against the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the securities premium account.

3.22. Dividend and dividend distribution tax

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are linked more directly to past transactions or events that generated distributable profits than to distribution to owners and accordingly, recognized in profit or loss or other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

3.23. 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.

3.24. 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

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

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.

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

4 (i) Property, plant and equipment, capital work-in-progress, intangible assets and intangible assets under development

(₹ in million)

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
Tangible assets										
(i) Owned										
Freehold land (i) (ii) (iii)	570.96	-	-	570.96	-	-	-	-	570.96	570.96
Building (ii)	396.83	-	2.12	394.71	155.39	6.63	0.69	161.33	233.38	241.44
Building	2,553.68	43.90	1.94	2,595.64	194.82	43.98	0.19	238.61	2,357.03	2,358.86
Electrical installation	817.48	2.56	8.47	811.57	582.79	57.69	7.82	632.66	178.91	234.69
Medical equipments	6,499.70	238.14	95.58	6,642.26	2,941.03	486.12	39.27	3,387.88	3,254.38	3,558.67
Office equipments	247.39	6.17	28.73	224.83	176.03	26.26	28.38	173.91	50.92	71.36
Other equipment including air conditioners	1,561.76	44.92	20.34	1,586.34	671.22	100.01	9.44	761.79	824.55	890.54
Furniture and fixtures	909.17	13.22	23.17	899.22	568.26	69.55	17.72	620.09	279.13	340.91
Computers	315.73	18.23	4.27	329.69	262.09	38.19	3.60	296.68	33.01	53.64
Vehicles	28.91	3.32	1.82	30.41	20.80	2.83	1.82	21.81	8.60	8.11
(ii) Leasehold										
Leasehold improvements	333.45	21.63	7.38	347.70	122.02	21.58	7.26	136.34	211.36	211.43
Building (iv)	1,191.90	-	3.83	1,188.07	324.84	36.85	0.57	361.12	826.95	867.06
Total tangible assets (A)	**15,426.96**	**392.09**	**197.65**	**15,621.40**	**6,019.29**	**889.69**	**116.76**	**6,792.22**	**8,829.18**	**9,407.67**
Capital work-in-progress (B)	**26.45**	**123.41**	**115.05**	**34.81**	**-**	**-**	**-**	**-**	**34.81**	**26.45**
Intangible assets										
(i) Acquired										
Computer software	300.75	3.14	0.06	303.83	252.65	31.69	0.06	284.28	19.55	48.10
(ii) Internally generated										
Computer software	234.19	22.00	-	256.19	11.65	23.86	-	35.51	220.68	222.55
Total intangible assets (C)	**534.94**	**25.14**	**0.06**	**560.02**	**264.30**	**55.55**	**0.06**	**319.79**	**240.23**	**270.64**
Intangible assets under development (D)	**-**	**38.50**	**22.00**	**16.50**	**-**	**-**	**-**	**-**	**16.50**	**-**
Grand total (A+B+C+D)	**15,988.35**	**579.14**	**334.76**	**16,232.73**	**6,283.59**	**945.24**	**116.82**	**7,112.01**	**9,120.72**	**9,704.76**
Previous year	**15,305.68**	**1,794.84**	**1,112.17**	**15,988.35**	**5,434.46**	**969.44**	**120.31**	**6,283.59**	**9,704.76**	**10,048.17**

Notes on 4(ii) to be referred here.

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

4 (ii) Property, plant and equipment, capital work-in-progress, intangible assets and intangible assets under development

(₹ in million)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at April 1, 2019	Additions / Reclassi-fications	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
Tangible assets										
(i) Owned										
Freehold land (i) (ii) (iii)	352.85	218.11	-	570.96	-	-	-	-	570.96	352.85
Building (ii)	396.83	-	-	396.83	148.76	6.63	-	155.39	241.44	248.07
Building	2,350.43	203.43	0.18	2,553.68	151.85	42.98	0.01	194.82	2,358.86	2,198.58
Electrical installation	794.09	42.36	18.97	817.48	513.68	83.63	14.52	582.79	234.69	280.41
Medical equipments	6,230.52	431.97	162.79	6,499.70	2,522.27	473.86	55.10	2,941.03	3,558.67	3,708.25
Office equipments	235.44	13.86	1.91	247.39	147.82	29.97	1.76	176.03	71.36	87.62
Other equipment including air conditioners	1,418.89	155.51	12.64	1,561.76	579.82	98.03	6.63	671.22	890.54	839.07
Furniture and fixtures	890.33	55.30	36.46	909.17	511.74	80.83	24.31	568.26	340.91	378.59
Computers	275.06	46.92	6.25	315.73	225.58	42.72	6.21	262.09	53.64	49.48
Vehicles	28.90	7.18	7.17	28.91	22.69	3.66	5.55	20.80	8.11	6.21
(ii) Leasehold										
Leasehold land (vi)	-	-	-	-	-	-	-	-	-	176.95
Leasehold improvements	312.40	34.73	13.68	333.45	110.34	17.07	5.39	122.02	211.43	202.06
Building (iv)	1,191.90	4.34	4.34	1,191.90	279.80	45.72	0.68	324.84	867.06	912.10
Total tangible assets (A)	**14,477.64**	**1,213.71**	**264.39**	**15,426.96**	**5,214.35**	**925.10**	**120.16**	**6,019.29**	**9,407.67**	**9,440.24**
Capital work-in-progress (B)	**358.12**	**281.77**	**613.44**	**26.45**	**-**	**-**	**-**	**-**	**26.45**	**358.12**
Intangible assets										
(i) Acquired										
Computer software	270.80	30.10	0.15	300.75	220.11	32.69	0.15	252.65	48.10	50.69
(i) Internally generated										
Computer software	-	234.19	-	234.19	-	11.65	-	11.65	222.54	-
Total intangible assets (C)	**270.80**	**264.29**	**0.15**	**534.94**	**220.11**	**44.34**	**0.15**	**264.30**	**270.64**	**50.69**
Intangible assets under development (D)	**199.12**	**35.07**	**234.19**	**-**	**-**	**-**	**-**	**-**	**-**	**199.12**
Grand total (A+B+C+D)	**15,305.68**	**1,794.84**	**1,112.17**	**15,988.35**	**5,434.46**	**969.44**	**120.31**	**6,283.59**	**9,704.76**	**10,048.17**
Previous year	**14,637.69**	**1,075.78**	**226.91**	**15,486.56**	**4,605.23**	**907.07**	**73.91**	**5,438.39**	**10,048.17**	**10,032.46**

4 (ii) Notes

(i) includes land in possession and occupation of the Company to the extent of 9 acre 25 guntas out of total 17 acres 44 guntas in Bangalore allotted by Karnataka Industrial Areas Development Board ('KIADB') to the Company on lease cum sale basis for which the Company is yet to execute the sale deed as at March 31, 2021.

(ii) pursuant to clause 7.7 of the Investment Agreement and Clause 3.1(d) of the Shareholders' Agreement (together, 'agreements') signed in January 2008 between the Company, Promoters and Investors, a Promoter of the Company had the right but not the obligation to require the Company to transfer the land and building ('NH land') at no consideration to him. On exercise of the right, the promoter was obligated to lease the asset to the Company for an initial term of 15 years with an extension of 10 years in accordance with the terms of the aforesaid agreements at no consideration. The said land and building was being amortized over a period of 25 years based on the Management's estimate of the lease term for the above arrangement.

As per the letter dated November 26, 2015 by the Promoter, the above right was waived off by him and accordingly he will not be entitled to exercise the right stated in Clause 3.1(d) of the said Shareholders' Agreement. The waiver was subject to the completion of the public offering within a period of one year from the date of receipt of the final observation letter from the Securities and Exchange Board of India on the Draft Red Herring Prospectus filed by the Company. The waiver was to be effective from the date of listing of the Company's shares on the stock exchanges. To this effect, the said Shareholders' Agreement was amended and duly executed by all Shareholders of the Company. On the Company's shares being listed on the Bombay Stock Exchange and the National Stock Exchange on January 6, 2016, the Promoter's right to NH Land ceases to exist thereof.

(iii) includes land in possession and occupation of the Company to the extent of 8088 Sq. Meters known as Plot No.257 B of Bommasandra III Phase Industrial Area situated in Sy. No's 237, 238 and 239 of Bommasandra Village, Attibele Hobli, Bangalore purchased from Kalpaka Transport Company Private Limited for which the Company executed the sale deed as at October 9, 2019.

(iv) represents the cost of construction of building on land obtained on lease at Kolkata, Ahmedabad, Jaipur and Jamshedpur.

(v) As at March 31, 2021, property, plant and equipments with a carrying amount of ₹ 5,996.82 million (previous year: ₹ 5,889.28 million) are subject to first charge to secure bank loans.

(vi) Leasehold land has been reclassified to ROU asset with effect from April 1, 2019.

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

5 (i) Right of use assets

(₹ in million)

Category of ROU asset	Gross block				Accumulated depreciation				Net block	
	As at April 1, 2020*	Additions	Deletions	As at March 31, 2021	As at April 1, 2020	Depreciation	Deletions/ Adjustment	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Land	198.77	-	-	198.77	22.49	2.11	3.93	20.67	178.10	176.28
Building	1,308.78	-	6.11	1,302.67	148.86	139.42	3.42	284.86	1,017.81	1,159.92
Equipment	660.33	-	-	660.33	132.35	134.27	-	266.62	393.71	527.98
Furniture	55.68	-	-	55.68	7.95	7.95	-	15.90	39.78	47.73
Grand total	**2,223.56**	**-**	**6.11**	**2,217.45**	**311.65**	**283.75**	**7.35**	**588.05**	**1,629.40**	**1,911.91**

(ii) Right of use assets

(₹ in million)

Category of ROU asset	Gross block				Accumulated depreciation				Net block	
	As at April 1, 2019*	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	Depreciation	Deletions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Land	186.14	12.63	-	198.77	3.93	18.56	-	22.49	176.28	-
Building	1,308.78	-	-	1,308.78	-	148.86	-	148.86	1,159.92	-
Equipment	320.19	340.14	-	660.33	-	132.35	-	132.35	527.98	-
Furniture	55.68	-	-	55.68	-	7.95	-	7.95	47.73	-
Grand total	**1,870.79**	**352.77**	**-**	**2,223.56**	**3.93**	**307.72**	**-**	**311.65**	**1,911.91**	**-**

*Reclassified on account of adoption of Ind AS 116.

Refer note 37 for disclosures related to ROU assets and liabilities.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

6. Non-current investments

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Unquoted equity instruments		
Investment in equity shares		
In subsidiary companies:		
Narayana Institute for Advanced Research Private Limited	57.60	57.60
[1,038,382 (previous year : 1,038,382) equity shares of ₹ 10 each fully paid up along with a premium of ₹ 45.47 per equity share]		
Narayana Hrudayalaya Surgical Hospital Private Limited	1,493.66	1,233.71
[24,425,900 (previous year : 22,748,800) equity shares of ₹ 10 each fully paid up along with a premium of ₹ 145.00 on 1,677,100 shares in current year (₹ 420.56 per equity share on 702,704 equity shares, ₹ 116.99 on 1,182,296 equity shares, ₹ 95.94 on 999,500 equity shares, ₹ 101.79 on 1,705,900 equity shares, ₹ 164.62 on 625,000 shares, ₹ 164.62 on 386,000 shares, ₹ 152.00 on 897,400, and 16,250,000 shares at par in earlier years]		
Narayana Hospitals Private Limited	532.61	532.61
[53,261,437 (previous year : 53,261,437) equity shares of ₹ 10 each fully paid up]		
Narayana Health Institutions Private Limited		
[1,104,035 (previous year : 1,104,035) equity shares of ₹ 10 each fully paid up]	-	-
{Net of provision for other than temporary diminution ₹ 11.04 million (previous year : ₹ 11.04 million)}		
Narayana Cayman Holdings Ltd (refer note 44)	3,193.18	3,193.18
[50,996.084 (previous year: 50,996.084) equity shares of USD 0.01 each fully paid up with a premium of USD 999.99 per share]*		
Meridian Medical Research & Hospital Limited	1,137.50	1,137.50
[29,024,467 (previous year 28,766,947) equity shares of ₹ 10 each fully paid up with a premium. Premium of ₹ 28.75 per share on 16,717,070 equity shares, ₹ 28 per shares on 9,188,577 equity shares, ₹ 28.51 per share on 1,835,000 shares, ₹ 34.19 per share on 1,026,300 and ₹ 87.08 per share on 257,520 equity shares)]		
Narayana Vaishno Devi Specialty Hospitals Private Limited	-	-
[999,795 (previous year : 999,795) equity shares of ₹ 10 each fully paid up]		
{Net of provision for other than temporary diminution 10 million (previous year :10 million)}		
Others		
Deemed investment on account of employee stock options issued to employees of subsidiaries		
-Health City Cayman Islands Ltd	0.47	0.47
-Meridian Medical Research & Hospital Limited	1.42	1.42
In associate:		
TriMedx India Private Limited	-	-
[121,947 (previous year : 91,947) equity shares of ₹ 100 each fully paid up with a premium of ₹ 499.26 per share on 4770 equity shares]		
{Net of impairment of ₹ 14.58 million (previous year : ₹ 14.58 million)}		
Atria Wind Power (Chitradurga) Pvt Ltd	0.03	0.03
[100 (previous year : 100) equity shares of ₹ 100 each fully paid up with a premium of ₹ 151 per share on 100 equity shares]		
Fair Value of guarantee in subsidiaries (refer note 33)	36.77	36.77
	6,453.24	**6,193.29**
Aggregate value of unquoted investments	6,488.86	6,228.91
Aggregate amount of impairment in value of investments	35.62	35.62
Net investments	**6,453.24**	**6,193.29**

* Transfer/ sale of shares is subject to approval of Exim Bank, as loan is obtained to make investment in this subsidiary.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

7. Loans

(Unsecured, considered good unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
To parties other than related parties		
Security deposits	161.59	221.87
To related parties (refer note 31)		
Unsecured loan	20.00	20.00
Security deposits	361.06	329.43
	542.65	**571.30**
(b) Current		
To parties other than related parties		
Security deposits	80.96	81.81
Less:Provision for Doubtful advances-Security deposit	(47.29)	-
Security deposits (net)	33.67	81.81
To related parties (refer note 31)		
Unsecured loan	97.00	72.50
	130.67	**154.31**

8. Other financial assets

(Unsecured, considered good unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
With parties other than related parties		
Bank deposits (due to mature after 12 months from the reporting date)	4.08	3.98
Interest accrued on bank deposits	0.54	0.22
	4.62	**4.20**
(b) Current		
With parties other than related parties		
Interest accrued on bank deposits	3.19	4.64
Interest accrued on security deposits	5.73	3.86
Unbilled revenue	120.14	72.72
With related parties (refer note 31)		
Interest accrued on unsecured loans	12.81	11.05
Due for reimbursement of expenses	68.44	63.46
	210.31	**155.73**

9. Income tax assets (net)

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance income tax and tax deducted at source (net of provisions)	284.67	775.27
Income-tax paid under protest	12.36	10.30
	297.03	**785.57**

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

10. Other assets

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
With parties other than related parties		
(Unsecured, considered good unless otherwise stated)		
Capital advances	16.11	77.15
Prepaid rent	11.63	25.59
Prepaid expenses	33.51	12.39
(Unsecured, considered doubtful)		
Prepaid rent	19.24	19.24
Less: provision for prepaid rent	(19.24)	(19.24)
Prepaid rent (net)	-	-
With related parties (refer note 31)		
Prepaid rent and expenses	16.55	40.41
	77.80	**155.54**
(b) Current		
With parties other than related parties		
(Unsecured, considered good unless otherwise stated)		
Security deposits	48.95	48.07
Less:Provision for Doubtful advances-Security deposit	(20.89)	(6.41)
Security deposits (net)	28.06	41.66
Advance to vendors	12.75	57.20
Other loans and advances	11.58	11.31
Prepaid rent	1.76	3.20
Prepaid expenses	125.78	93.82
Other assets	0.66	0.66
(Unsecured, considered doubtful)		
Prepaid rent	0.24	0.24
Less: provision for prepaid rent	(0.24)	(0.24)
Prepaid rent (net)	-	-
With related parties (refer note 31)		
Prepaid rent and expenses	25.60	25.91
	206.19	**233.76**

11. Inventories

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(Valued at lower of cost and net realisable value)		
Medical consumables, drugs and surgical instruments	249.09	360.87
Less: Provision for write-down to net realisable value	(20.98)	(22.37)
	228.11	**338.50**

The inventories are hypothecated as security as part of working capital facility.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

12. Trade receivables

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good	1,543.86	1,470.16
Unsecured, considered doubtful	313.28	357.92
	1,857.14	**1,828.08**
Loss allowance		
Unsecured, considered doubtful	(313.28)	(357.92)
Net trade receivables	**1,543.86**	**1,470.16**
Of the above, trade receivables from related parties are as below:		
Trade receivable (refer note 31)	140.33	122.72
Expected credit loss allowance	(12.99)	(10.81)
Net trade receivables from related parties	**127.34**	**111.91**

The Company uses a provision matrix to determine the expected credit loss on the portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At each reporting period, 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	2.98%	16.20%	67.61%
Others	1.36%	15.78%	43.47%

The Company's exposure to credit risk and currency risks, and loss allowances are disclosed in note 43.

The trade receivables are hypothecated as security as part of working capital facility.

13. Cash and bank balances

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Cash and cash equivalents		
Cash on hand	28.96	97.60
Balance with banks		
- In current accounts	473.99	309.96
	502.95	**407.56**
(b) Bank balances other than above		
- In deposit accounts (due to mature within 12 months of the reporting date) *	58.96	115.11
	58.96	**115.11**

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

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

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

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	28.96	97.60
Balance with banks		
- In current accounts	473.99	309.96
	502.95	**407.56**
Less: Bank overdraft used for cash management purposes	(121.84)	-
Cash and cash equivalents in the statement of cash flows	**381.11**	**407.56**

14. Equity share capital

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
309,000,000 (previous year : 309,000,000) equity shares of ₹ 10 each	3,090.00	3,090.00
71,000,000 (previous year : 71,000,000) preference shares of ₹ 10 each	710.00	710.00
Issued, subscribed and paid up		
204,360,804 (previous year : 204,360,804) equity shares of ₹ 10 each, fully paid up	2,043.61	2,043.61
	2,043.61	**2,043.61**

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

(except as per share data)

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	204,360,804	2,043.61	20,43,60,804	2,043.61
Issued during the year	-	-		
At the end of the year	**20,43,60,804**	**2,043.61**	**20,43,60,804**	**2,043.61**

(ii) Rights, preferences and restrictions attached to equity and preference shares :

The Company has 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.

The Company has authorized preference shares having a nominal value of ₹ 10 each. Preference shares are non-convertible, non-cumulative, non-participating and carry preferential right vis-à-vis equity shares of the Company with respect to payment of dividend and repayment in case of winding up or repayment of capital and shall carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

(iii) Particulars of shareholders holding more than 5% equity shares:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Dr Devi Prasad Shetty	56,526,139	27.66%	56,526,139	27.66%
Shakuntala Shetty	62,083,095	30.38%	62,083,095	30.38%
	118,609,234	**58.04%**	**118,609,234**	**58.04%**

15 Other equity

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Reserves and Surplus		
Securities premium		
At the commencement of the year	5,023.18	5,002.13
Movement during the year	2.45	21.05
At the end of the year	5,025.63	5,023.18
Capital reserve	1.54	1.54
Treasury Shares		
At the commencement of the year	(14.56)	(15.57)
Movement during the year	0.34	1.01
At the end of the year	(14.22)	(14.56)
General reserve	250.00	250.00
Share options outstanding		
At the commencement of the year	32.28	23.22
Add: Amounts recorded on grants during the year	6.02	30.26
Less: Shares forfeited during the year	-	(0.15)
Less: Exercised during the year	(2.45)	(21.05)
At the end of the year	35.85	32.28
Retained earnings		
At the commencement of the year	4,398.19	4,403.04
Add: Net profit after tax transferred from statement of profit and loss	(786.73)	677.43
Add: Dividend received on Treasury Shares	-	3.02
Less : Impact on account of adoption of Ind AS 116 (net of tax)	-	(192.58)
Less: Dividends (including dividend distribution tax)	-	(492.72)
At the end of the year	3,611.46	4,398.19
(ii) Other Comprehensive Income		
Effective portion of Cash flow hedge reserve		
At the commencement of the year	(65.60)	(21.59)
Movement during the year	21.81	(44.01)
At the end of the year	(43.79)	(65.60)
Re-measurement of defined benefit plans		
At the commencement of the year	(9.86)	(7.87)
Movement during the year	(3.79)	(1.99)
At the end of the year	(13.65)	(9.86)
	8,852.82	**9,615.17**

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

Capital reserve

Capital reserve was created at the time of acquisition of hospital in Barasat.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from other equity.

Share options outstanding

The Company has established share based payment for eligible employees of the Company, its subsidiaries or an associate. Also refer note 40 for further details on these plans.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriate purposes.

Cash flow hedge reserve

Company has entered into a interest rate swap agreement, This cash flow hedge reserve reflects the fluctuations of the fair value of such swap.

Dividend

On the recommendation of The Board of Directors and approved by Shareholders, final dividend of 10 % (₹ 1/- per equity share of par value ₹ 10 each) for the financial year ended March 31, 2019 and interim dividend which was confirmed and approved as final dividend by shareholders of 10 % (₹ 1/- per equity share of par value ₹ 10 each) for the financial year ended March 31, 2020 was paid.

16. Borrowings

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
(i) Secured		
Term loans		
From banks (refer note I)	3,717.90	4,177.02
(ii) Unsecured		
From others (refer note II)	41.44	80.74
Less: Current maturity of long term debt [refer note 18 (b)]	(532.74)	(476.43)
Total non-current borrowings	**3,226.60**	**3,781.33**
(b) Current		
(i) Secured		
Loans repayable on demand		
Bank overdrafts (refer note III)		
Working capital Loan	121.84	-
Total current borrowings	**121.84**	**-**

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to the standalone financial statements for the year ended 31 March 2021 (Contd..)

I Term loans from banks :

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Term loan from HSBC Bank : INR 189.00 million (previous year : INR 243.00 million). It is repayable in 14 (previous year 18 quarterly instalments) quarterly instalments from reporting date after moratorium period of 18 months from date of 1st disbursement. Date of 1st disbursement is March 12, 2018. Interest is charged at 7.30% p.a. (previous year: 8.25% p.a)	Movable Fixed Assets acquired out of the loan and equitable mortgage over land and building of the Jaipur hospital.
(ii)	Term loan from HSBC Bank : INR 304.00 million (previous year : INR 380.00 million). It is repayable in 16 (previous year 20 quarterly instalments) quarterly instalments from June 2020. Interest is charged at 7.00% p.a. (previous year: 7.95%)	
(iii)	Term loan from Standard Chartered Bank: INR 75.00 million (previous year : Nil million). Payable in 12 (previous year Nil) monthly equal instalments starting from January 14, 2022). Interest is charged at 4.81% p.a., (previous year: Nil p.a.)	The loan is unsecured
(iv)	Foreign currency loan taken from EXIM Bank : INR 1,181.33 million ($ 16.07 million) (previous year: INR 1,480.79 million ($ 19.64 million)). Repayable in 18 quarterly instalments from the reporting date (previous year: 22 quarterly instalments from December 2018). Interest is linked to the Libor (6 month) + 175 base points. (previous year: Libor (6 month) + 175 base points).	Exclusive charge on the Company's immovable properties being land, buildings and structures attached or permanently fastened thereon at the location having S.No: 2/4,2/5,2/7,2/8,3, 23/1C,23/1D,26,27,28,29 with an aggregate extent of 7 Acres 1.85 Guntas situate at Kittiganahalli village, Attibele hobli, Anekal Taluk, Bangalore, Karnataka.
(v)	*Term loan from SBI: INR 475.66 million (previous year: INR 529.34 million). Repayable in 72 monthly instalments from the reporting date (previous year 84 monthly instalments from March 31, 2019) Interest is charged at 7.15% p.a.(previous year: 7.95% p.a.)	Movable Fixed Assets acquired out of the loan and exclusively charge on land and building located in Plot # 3201, Phase III, DLF city, Gurgaon, Haryana. And #78, Jessor Road, Mouzahariharpur, Ward #5 Barassat Kolkata. Land measuring 2.474acre title deed # 2760/2014
(vi)	*Term loan from SBI: INR 336.88 million (previous year: INR 350.00 million). Repayable in 84 monthly instalments from October 31, 20 (previous year : 96 monthly instalments) Interest is charged at 7.15% p.a.(previous year: 7.95% p.a..)	
(vii)	*Term loan from SBI: INR 1,156.03 million (previous year: INR 1,193.87 million). Repayable in 25 (previous year 29 quarterly instalments) from the reporting date after 2 years Moratorium from date October 2017. Interest is charged at 7.15% p.a.(previous year: 7.95% p.a).	

*Promotors % of holding should not be reduced below 51% during the tenure of loan.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

II Term loans from Others :

(i) Interest free term loan from Cisco Systems Capital (India) Private Limited has been obtained during the current year of ₹ nil (previous year: ₹ nil million). Based on the applicable effective interest rate, the present value of loan as at March 31, 2021 amounting to ₹ 5.34 million (previous year: ₹ 44.64 million) has been recognised in the books of accounts. The loan is unsecured

(ii) Term loan from CDC group PLC: ₹ 36.10 million (previous year : ₹ 36.10 million) carry a interest of 6.5% p.a Repayable in one instalment after 5 years from the utilisation date i.e February 26, 2019. The loan is unsecured

III Overdraft and Cash Credit facilities

Over Draft from HSBC : INR 121.84 Million (previous year: Nil) repayable On Demand. It is secured by subservient charge on specific movable fixed assets

17. Lease liabilities

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
Opening Lease liability	1,817.13	1,645.61
Additions/(Reversal) during the period	(5.75)	289.95
Finance cost accrued during the period	150.89	161.89
Lease payment	(330.58)	(280.32)
Closing Lease liability	1,631.69	1,817.13
Less: Current lease liability	(214.94)	(191.42)
	1,416.75	**1,625.71**
(b) Current		
Lease liability	214.94	191.42
	214.94	**191.42**

18. Other financial liabilities

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
Payable towards share purchased for ESOP Trust	14.44	14.69
Liability towards asset replacement cost	79.27	73.44
Liability for financial guarantee	8.83	13.80
Creditors for capital goods	13.73	29.37
Derivatives designated and effective as hedging instruments carried at fair value		
Interest rate swap	75.85	105.10
	192.12	**236.40**

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

18. Other financial liabilities (Contd..)

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(b) Current		
To parties other than related parties		
Current maturities of long-term borrowings with banks (refer note 16(a))*	532.74	476.43
Interest accrued and not due on borrowings	0.37	0.49
Creditors for capital goods	66.34	54.11
Other financial liabilities	14.34	18.08
Liability for financial guarantee	4.96	5.83
To related parties (refer note 31)		
Creditors for capital goods	58.04	58.04
	676.79	**612.98**

*The Company's exposure to liquidity risk and currency risk are disclosed in note 43.

19. Provisions (refer note 34)

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
Provision for employee benefits		
Gratuity	226.67	181.01
	226.67	**181.01**
(b) Current		
Provision for employee benefits		
Gratuity	66.60	88.53
Compensated absences	168.55	181.61
	235.15	**270.14**

20. Other liabilities

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
Unearned revenue	14.00	15.25
Deferred government grant*	95.60	109.53
Deferred government grant for EPCG Licence **	60.00	88.42
Others	2.51	2.51
	172.11	**215.71**
(b) Current		
To parties other than related parties		
Contract Liabilities	163.51	67.81
Unearned revenue	1.27	1.27

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to the standalone financial statements for the year ended 31 March 2021 (Contd..)

20. Other liabilities (Contd..)

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred government grant*	13.93	13.93
Deferred government grant for EPCG Licence **	28.42	28.42
Balances due to statutory/ government authorities	127.34	116.50
Others	12.11	3.87
To related parties (refer note 31)		
Other payables	71.00	61.52
	417.58	**293.32**
Summary of the government grant received by the Company :-		
Opening Balance	240.30	229.07
Add: Grants during the year	-	50.20
Less: Released to profit and loss	42.35	38.97
Closing Balance	**197.95**	**240.30**
Non Current	155.60	197.95
Current	42.35	42.35

*During the financial year 2013-14, the Company had received capital grant from the Assam Government amounting to ₹ 220.00 million for purchase of fixed assets for operating the hospital in Assam. The Company has recognized this grant as deferred income at fair value which is being amortised over the useful life of the fixed assets in proportion in which the related depreciation is recognized.

**The Company had received capital grant in the form of EPCG license from Government of India amounting to ₹ Nil (previous year : ₹ 50.20 million) for import of capital goods subject to fulfilment of export obligation in next 6 years. The Company has recognized this grant as deferred government grant for EPCG licence at fair value. The company will recognize deferred grant income in the statement of profit and loss as per its accounting policy.

21. Trade payables

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (refer note 35)	8.68	44.50
Total outstanding dues of creditors other than micro and small enterprises	3,088.94	2,565.03
	3,097.62	**2,609.53**

*Payables to related parties (refer note 31)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 43.

22. Revenue from operations

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from medical and healthcare services	15,799.34	21,365.35
Sale of medical consumables and drugs	659.46	896.92
Other operating revenue:		
Teleradiology income	24.75	29.56
Income from patient amenities	28.45	61.72
Other healthcare services	27.29	39.96
	16,539.29	**22,393.51**

Refer notes below

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

(₹ in million)

(i) Category of Customer	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash	10,682.56	15,718.75
Credit	5,856.73	6,674.76
	16,539.29	**22,393.51**

(₹ in million)

(ii) Nature of treatment	For the year ended March 31, 2021	For the year ended March 31, 2020
In-patient	12,933.09	16,729.96
Out-patient	2,866.25	4,635.39
Sale of medical consumables and drugs	659.46	896.92
Others	80.49	131.24
	16,539.29	**22,393.51**

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

(iv) Transaction price allocated to the remaining performance obligations

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contract Liabilities	163.51	67.81
	163.51	**67.81**

(v) 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.

23. Other Income

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Dividend received	455.22	-
Export incentive	8.87	26.37
Interest income on		
- Bank deposits	9.33	6.64
- Unsecured loan	8.43	8.81
- Others	66.17	1.24
Interest income from financial asset at amortised cost	34.34	35.61
Government grant	42.35	38.97
Guarantee commission	5.84	6.78
Foreign exchange gain, (net)	39.77	-
Profit on sale of investment	-	18.69
Miscellaneous income	94.67	98.31
	764.99	**241.42**

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to the standalone financial statements for the year ended 31 March 2021 (Contd..)

24. Changes in inventories of medical consumables, drugs and surgical instruments- (Increase)/ Decrease

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	338.50	493.58
Inventory at the end of the year	228.11	338.50
	110.39	**155.08**

25. Employee benefits expense

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	3,661.67	4,056.42
Contribution to provident and other funds (refer note 34)	268.78	312.90
Share based payment to employees (refer note 40)	6.02	29.95
Staff welfare expenses	93.03	86.92
	4,029.50	**4,486.19**

During the financial year 2020-21, project salary cost amounting to ₹ 38.50 million (previous year : ₹ 43.70 million) has been capitalised through intangible assets under development.

26. Other expenses

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Hospital operating expenses		
Rent	204.69	392.29
Patient welfare expenses	225.36	296.83
Power and fuel	465.41	523.76
Hospital general expenses	168.13	189.89
House keeping expenses	577.38	620.78
Medical gas charges	86.04	80.81
Biomedical wastage expenses	23.55	14.66
Repairs and maintenance		
- Hospital equipments	382.29	295.23
- Buildings	96.03	86.43
- Others	387.06	390.78
Total (A)	**2,615.94**	**2,891.46**
Administrative expenses		
Travel and conveyance	77.72	170.54
Security charges	171.71	183.64
Printing and stationery	90.10	128.09
Rent	143.43	45.81
Advertisement and publicity	208.47	311.32
Legal and professional fees (refer note (i) below)	73.86	94.55

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to the standalone financial statements for the year ended 31 March 2021 (Contd..)

26. Other expenses (Contd..)

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Business promotion	235.28	337.18
Telephone and communication	63.63	59.82
Bank charges	43.10	63.05
Insurance	42.66	72.59
Corporate social responsibility (refer note (ii) below)	21.30	24.49
Rates and taxes	61.07	73.79
Books and periodicals	16.39	26.33
Provision for loss allowance & Doubtful advances	24.46	72.17
Bad receivables written off	30.00	7.50
Donations paid	1.75	1.00
Provision for other than temporary diminution in the value of investments	-	13.00
Loss on disposal of assets	50.12	51.13
Foreign exchange loss, (net)	-	85.71
Miscellaneous expenses	9.98	8.45
Total (B)	**1,365.03**	**1,830.16**
Total (A+B)	**3,980.97**	**4,721.62**

(i) Payment to auditors*

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As an auditor		
(i) Audit fee	4.50	4.50
(ii) Limited review	1.20	1.20
(iii) Other attest services	0.30	0.15
In other capacity:		
(iv) Reimbursement of expenses	0.14	1.83
	6.14	**7.68**

*excluding GST

(ii) Corporate social responsibility

Consequent to the requirements of Section 135 of the Companies Act 2013, the Company has made contributions as stated below. The same is in line with activities specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year is ₹ 21.24 million (previous year: ₹ 23.46 million)

b) Amount spent during the year ended March 31, 2021 on corporate social responsibility activities:

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Construction/acquisition of any asset	-	-
On purposes other than above	21.30	24.49

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

27. Finance costs

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on financial liabilities measured at amortised cost		
- term loans from banks	273.24	321.43
- bank overdraft	2.39	0.93
- others	2.31	3.37
Interest expense on lease liabilities	150.89	161.89
Unwinding of asset replacement cost	5.83	3.51
	434.66	**491.13**

28. Depreciation and amortisation expense

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment (refer note 4)	889.69	925.10
Depreciation of Right of use Assets (refer note 5)	283.75	307.72
Amortisation of intangible assets (refer note 4)	55.55	44.34
	1,228.99	**1,277.16**

29. Contingent liabilities

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Claims against the Company not acknowledged as debts in respect of:-		
a) Customs Duty (refer note A below)	1.74	1.74
b) Entry tax (refer note B below)	10.00	10.00
c) Income tax (refer note C below)	64.31	64.31
Guarantees:		
(a) Bank guarantee	-	25.00

(b) The Company has issued corporate guarantee to its subsidiaries amounting to ₹ 3,980.74 million (previous year ₹ 3,840.74 million) (refer note 44) and total loan outstanding as on March 31, 2020 is ₹ 2,296,73 million (previous year : ₹ 2,920.75 million). Within the overall limits of the Corporate guarantee, the Company has also committed towards making additional capital contribution in certain subsidiaries, as applicable under the relevant loan agreements.

Note:

A. For financial year 2012-13, the Company has received a notice proposing levy of customs duty on import of 'Surgical Microscopes' along with accessories classifying it under CTH 9018 9000 of Customs Tariff Act 1975.Against the demand of ₹ 1.74 million , the Company has deposited ₹ 1.33 million with the department and filed an appeal before the Commissioner of Customs (Appeals).

B. For financial year 2010-11, 2011-12, 2012-13, 2013-14 the Company has received a notice proposing levy of entry tax from Commercial Tax Officer under Entry of Goods into Local Area Act 1999 on account of goods brought in local areas from outside the state of Rajasthan without payment of Entry tax as per the provisions. Based on the Company's submission, the department has issued an order with a demand of ₹ 10 million along with interest. Against this demand, the Company has deposited ₹ 1.55 million with the department and filed an appeal before the Office of Appellate Authority -II, Commercial Tax.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

C. Income Tax

a) For assessment year 2009-2010 the Company had received an assessment order under section 143(3) of the Income Tax Act, 1961 on December 28, 2011 with a demand of ₹ 12.17 million. Against this demand, the Company had paid ₹ 10.00 million under protest and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)). CIT(A) had issued an order in favour of the Company. The department then filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the order of CIT(A). On January 23, 2015, ITAT had issued an order in favour of the Company. Subsequently, the department had filed an appeal with High Court of Karnataka challenging the order of ITAT which was pending as at March 31, 2019 because of which the Company had a contingent tax liability of ₹ 7.47 million as of such date. On August 29, 2019, High Court of Karnataka has passed an order stating that the appeal filed by the department is not maintainable due to non- fulfilment of revised monetary limit. In view of the same, the High Court has permitted department to withdraw the appeal filed earlier.

b) For assessment year 2012-13 the Company had received an assessment order under section 143 (3) of the Income Tax Act, 1961 on March 31, 2015. The company may have an additional liability of ₹ 12.59 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)). CIT(A) had issued an order in favour of the Company. The department then filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the order of CIT(A).

c) For assessment year 2013-14 the Company had received an assessment order under section 143 (3) of the Income Tax Act, 1961 on March 25, 2016. The company may have an additional liability of ₹ 6.69 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)).

d) For assessment year 2016-17 the company had received a notice 142(1) of the Income tax act, 1961 on March 28, 2018 asking company to submit certain documents on April 6, 2018. Company has replied on April 6, 2018, July 24, 2018, August 29, 2018, December 7, 2018. The department has issued a assessment order u/s 143(3) on December 29, 2018 demanding a sum of ₹ 1.06 million. Against this demand, the Company had paid ₹ 0.3 million under protest on February 11, 2019 and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)).

e) For assessment year 2017-18 the Company has received an assessment order under section 143 (3) of the Income Tax Act, 1961 on December 27, 2019. The company may have an additional liability of ₹ 20.93 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)), which is pending as at March 31, 2021.

f) For AY 2018-19 and 2019-20, the Company has recognised additional contingent liability to the extent of ₹ 19.39 million and ₹ 4.71 million respectively duly taking into consideration the requirements under Appendix C to Ind AS 12, including the Management's assessment of the probability of acceptance of the Company's tax positions by the taxation / appellate authorities.

D. Based on the advise of its legal counsel, the Company believes that other disputes, lawsuits and claims, including commercial matters, which arise from time to time in the ordinary course of business and are outstanding as at March 31, 2021 will not have any material adverse effect on its financial statements for the year ended March 31, 2021.

E. The Company has given letter of support to its subsidiary companies, namely Narayana Hrudayalaya Surgical Hospital Private Limited, Narayana Hospitals Private Limited, Narayana Health Institutions Private Limited, Meridian Medical Research & Hospital Limited, Narayana Institute for Advanced Research Private Limited, and Narayana Vaishno Devi Specialty Hospitals Private Limited. Under the letter of support, the Company is committed to provide operational and financial assistance as is necessary for the subsidiary companies to enable them to operate as going concern for a period of at least one year from the balance sheet date (March 31, 2021).

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

30. Commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and other commitments and not provided for, amounts to ₹ 91.50 million (previous year: ₹ 134.26 million).

31. Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Subsidiaries	Narayana Institute for Advanced Research Private Limited (NIARPL)
	Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL)
	Narayana Hospitals Private Limited (NHPL)
	Narayana Health Institutions Private Limited (NHIPL)
	Narayana Cayman Holdings Ltd (NCHL)
	Meridian Medical Research & Hospital Limited (MMRHL)
	Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)
	Narayana Holdings Private Limited (NHDPL)
	Narayana Health North America LLC (w.e.f April 9, 2019)
	Health City Cayman Islands Ltd (HCCI) (Subsidiary of NCHL)
	NH Health Bangladesh Private Limited (Subsidiary of NHDPL) (NHHBPL)
Key Management Personnel (KMP)	Dr. Devi Prasad Shetty- Chairman
	Dr. Emmanuel Rupert - Managing Director
	Viren Prasad Shetty - Whole-time Director
	Kesavan Venugopalan - Chief Financial Officer
	Sridhar S -Company Secretary
Relatives of KMP	Dr. Varun Shetty
	Dr. Anesh Shetty
	Dr. Vivek Shetty
	Shakuntala Shetty
Associate	TriMedx India Private Limited (TriMedx)
Associate of subsidiaries	Cura Technologies INC.
	ISO Healthcare
Enterprises under control or joint control of KMP and their relatives	Amaryllis Healthcare Private Limited
	Hrudayalaya Pharmacy
	Charmakki Infrastructures
	Thrombosis Research Institute(TRI)
	Narayana Hrudayalaya Foundation (NHF)
	Mazumdar Shaw Medical Foundation (MSMF)
	Narayana Health Academy Private Limited
	Asia Heart Foundation (AHF)
Enterprises where control of Company exists	Narayana Hrudayalaya Private Limited Employees Group Gratuity Trust

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

31. Related party disclosures (Contd..)

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

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Unsecured loan given						
NHSHPL	274.50	-	-	-	-	274.50
	(365.00)	(-)	(-)	(-)	(-)	(365.00)
Repayment of unsecured loan given by NHL						
NHSHPL	255.98	-	-	-	-	255.98
	(292.50)	(-)	(-)	(-)	(-)	(292.50)
Interest income on security deposit						
NHPL	22.41	-	-	-	-	22.41
	(20.50)	(-)	(-)	(-)	(-)	(20.50)
Charmakki Infrastructures	-	-	-	-	9.21	9.21
	(-)	(-)	(-)	(-)	(8.43)	(8.43)
TOTAL	**22.41**	**-**	**-**	**-**	**9.21**	**31.62**
	(20.50)	**(-)**	**(-)**	**(-)**	**(8.43)**	**(28.93)**
Dividend Received from Subsidiaries						
NCHL	455.22	-	-	-	-	455.22
	(-)	(-)	(-)	(-)	(-)	(-)
Sale of medical consumables and drugs and Services						
HCCI	174.11	-	-	-	-	174.11
	(188.92)	(-)	(-)	(-)	(-)	(188.92)
MMRHL	8.65	-	-	-	-	8.65
	(5.77)	(-)	(-)	(-)	(-)	(5.77)
NHSHPL	7.53	-	-	-	-	7.53
	(0.51)	(-)	(-)	(-)	(-)	(0.51)
NVDSHPL	0.90	-	-	-	-	0.90
	(-)	(-)	(-)	(-)	(-)	-
TOTAL	**191.19**	**-**	**-**	**-**	**-**	**191.19**
	(195.20)	**(-)**	**(-)**	**-**	**(-)**	**(195.20)**
Call Centre Income-Miscellaneous income						
NHSHPL	3.23	-	-	-	-	3.23
	(0.75)	(-)	(-)	(-)	(-)	(0.75)

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

31. Related party disclosures (Contd..)

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

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Lab outsourcing expense						
NHSHPL	6.27	-	-	-	-	6.27
	(-)	(-)	(-)	(-)	(-)	(-)
MSMF	-	-	-	-	1.34	1.34
	(-)	(-)	(-)	(-)	(3.15)	(3.15)
TOTAL	**6.27**	**-**	**-**	**-**	**1.34**	**7.61**
	(-)	**(-)**	**(-)**	**(-)**	**(3.15)**	**(3.15)**
Rent expenses						
NHPL	28.94	-	-	-	-	28.94
	(27.99)	(-)	(-)	(-)	(-)	(27.99)
Charmakki Infrastructures	-	-	-	-	6.97	6.97
	(-)	(-)	(-)	(-)	(13.38)	(13.38)
AHF	-	-	-	-	10.13	10.13
	(-)	(-)	(-)	(-)	(15.61)	(15.61)
MSMF	-	-	-	-	29.50	29.50
	(-)	(-)	(-)	(-)	(25.00)	(25.00)
NHF	-	-	-	-	1.05	1.05
	(-)	(-)	(-)	(-)	(3.16)	(3.16)
TOTAL	**28.94**	**-**	**-**	**-**	**47.65**	**76.59**
	(27.99)	**(-)**	**(-)**	**(-)**	**(57.15)**	**(85.14)**
Reimbursement of expenses						
NHPL	5.68	-	-	-	-	5.68
	(5.62)	(-)	(-)	(-)	(-)	(5.62)
NVDSHPL	3.70	-	-	-	-	3.70
	(8.94)	(-)	(-)	(-)	(-)	(8.94)
HCCI	16.17	-	-	-	-	16.17
	(15.42)	(-)	(-)	(-)	(-)	(15.42)
AHF	-	-	-	-	0.07	0.07
	(-)	(-)	(-)	(-)	(0.04)	(0.04)
NHHBPL	1.94	-	-	-	-	1.94
	(3.77)	(-)	(-)	(-)	(-)	(3.77)

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

31. Related party disclosures (Contd..)

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

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
NHSHPL	0.75	-	-	-	-	0.75
	(13.09)	(-)	(-)	(-)	(-)	(13.09)
Hrudayalaya Pharmacy	-	-	-	-	0.02	0.02
	(-)	(-)	(-)	(-)	(-)	(-)
NHF	-	-	-	-	0.05	0.05
	(-)	(-)	(-)	(-)	(0.19)	(0.19)
MMRHL	0.90	-	-	-	-	0.90
	(5.60)	(-)	(-)	(-)	(-)	(5.60)
Others	0.29	-	-	-	-	0.29
	(0.24)	(-)	(-)	(-)	(-)	(0.24)
TOTAL	**29.43**	**-**	**-**	**-**	**0.15**	**29.58**
	(52.68)	**(-)**	**(-)**	**-**	**(0.23)**	**(52.91)**
Revenue from healthcare services						
MMRHL	21.21	-	-	-	-	21.21
	(6.93)	(-)	(-)	(-)	(-)	(6.93)
Advance on Account of Discount Entitlement						
NHF	-	-	-	-	1.33	1.33
	(-)	(-)	(-)	(-)	(1.34)	(1.34)
AHF	-	-	-	-	3.60	3.60
	(-)	(-)	(-)	(-)	(4.06)	(4.06)
TOTAL	**-**	**-**	**-**	**-**	**4.93**	**4.93**
	(-)	**(-)**	**(-)**	**(-)**	**(5.40)**	**(5.40)**
Advance given for payment to employees						
HCCI	0.70	-	-	-	-	0.70
	(1.05)	(-)	(-)	(-)	(-)	(1.05)
Rental income net of tax						
NHSHPL	4.64	-	-	-	-	4.64
	(4.54)	(-)	(-)	(-)	(-)	(4.54)
Interest income						
NHPL	2.12	-	-	-	-	2.12
	(2.12)	(-)	(-)	(-)	(-)	(2.12)
NHSHPL	6.31	-	-	-	-	6.31
	(5.67)	(-)	(-)	(-)	(-)	(5.67)
TOTAL	**8.43**	**-**	**-**	**-**	**-**	**8.43**
	(7.79)	**(-)**	**(-)**	**(-)**	**(-)**	**(7.79)**

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

31. Related party disclosures (Contd..)

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

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Investment in equity instruments						
MMRHL	-	-	-	-	-	-
	(25.00)	(-)	(-)	(-)	(-)	(25.00)
TriMedx -associate	-	-	-	-	-	-
	(-)	(-)	(-)	(3.00)	(-)	(3.00)
NHSHPL	259.95	-	-	-	-	259.95
	(212.78)	(-)	(-)	(-)	(-)	(212.78)
TOTAL	**259.95**	**-**	**-**	**-**	**-**	**259.95**
	(237.78)	**(-)**	**(-)**	**(3.00)**	**(-)**	**(240.78)**
Provision for other than temporary diminution in the value of investments						
TriMedx -associate	-	-	-	-	-	-
	(-)	(-)	(-)	(3.00)	(-)	(3.00)
NVDSHPL	-	-	-	-	-	-
	(10.00)	(-)	(-)	(-)	(-)	(10.00)
TOTAL	**-**	**-**	**-**		**-**	**-**
	(10.00)	**(-)**	**(-)**	**(3.00)**	**(-)**	**(13.00)**
Purchase of fixed assets						
MMRHL	0.29	-	-	-	-	0.29
	(-)	(-)	(-)	(-)	(-)	(-)
NHSHPL	0.02	-	-	-	-	0.02
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**0.31**	**-**	**-**	**-**	**-**	**0.31**
	(-)	**(-)**	**(-)**	**(-)**	**(-)**	**-**
Sale of fixed assets						
MMRHL	0.44	-	-	-	-	0.44
	(16.71)	(-)	(-)	(-)	(-)	(16.71)
NHSHPL	6.41	-	-	-	-	6.41
	(4.68)	(-)	(-)	(-)	(-)	(4.68)
HCCI	1.03	-	-	-	-	1.03
	(2.23)	(-)	(-)	(-)	(-)	(2.23)
TOTAL	**7.87**	**-**	**-**	**-**	**-**	**7.87**
	(23.62)	**(-)**	**(-)**	**(-)**	**(-)**	**(23.62)**

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

31. Related party disclosures (Contd..)

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

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Guarantee commission						
HCCI	4.35	-	-	-	-	4.35
	(4.85)	(-)	(-)	(-)	(-)	(4.85)
MMRHL	0.83	-	-	-	-	0.83
	(1.11)	(-)	(-)	(-)	(-)	(1.11)
NHSHPL	0.65	-	-	-	-	0.65
	(0.82)	(-)	(-)	(-)	(-)	(0.82)
TOTAL	**5.84**	**-**	**-**	**-**	**-**	**5.84**
	(6.78)	**(-)**	**(-)**	**-**	**(-)**	**(6.78)**
Software license fees						
HCCI	10.60	-	-	-	-	10.60
	(10.86)	(-)	(-)	(-)	(-)	(10.86)
Purchase of medical stores and Consumables						
Hrudayalaya Pharmacy	-	-	-	-	0.28	0.28
	(-)	(-)	(-)	(-)	(0.23)	(0.23)
Amaryllis Healthcare Private Limited	-	-	-	-	233.25	233.25
	(-)	(-)	(-)	(-)	(112.59)	(112.59)
MMRHL	0.97	-	-	-	-	0.97
	(2.82)	(-)	(-)	(-)	(-)	(2.82)
NHSHPL	1.11	-	-	-	-	1.11
	(-)	(-)	(-)	(-)	(-)	(-)
NVDSHPL	0.59	-	-	-	-	0.59
	(0.27)	(-)	(-)	(-)	(-)	(0.27)
TOTAL	**2.67**	**-**	**-**	**-**	**233.53**	**236.20**
	(3.09)	**(-)**	**(-)**	**(-)**	**(112.82)**	**(115.91)**
Hospital General Expenses						
Amaryllis Healthcare Private Limited	-	-	-	-	22.80	22.80
	(-)	(-)	(-)	(-)	(1.23)	(1.23)

Figures in brackets are for the previous year.

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

31. Related party disclosures (Contd..)

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

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Guarantees given						
HCCI	-	-	-	-	-	-
	(201.97)	(-)	(-)	(-)	(-)	(201.97)
MMRHL	140.00	-	-	-	-	140.00
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**140.00**	**-**	**-**	**-**	**-**	**140.00**
	(201.97)	**(-)**	**(-)**	**(-)**	**(-)**	**(201.97)**
Release of guarantee given						
NCHL	-	-	-	-	-	-
	(55.34)	(-)	(-)	(-)	(-)	(55.34)
NVDSHPL	25.00	-	-	-	-	25.00
	-	(-)	(-)	(-)	(-)	(-)
TOTAL	**25.00**	**-**	**-**	**-**	**-**	**25.00**
	(55.34)	**(-)**	**(-)**	**(-)**	**(-)**	**(55.34)**
Security given						
NHSHPL	-	-	-	-	-	-
	(6.40)	(-)	(-)	(-)	(-)	(6.40)
Release of security given						
NHSHPL	6.40	-	-	-	-	6.40
	(-)	(-)	(-)	(-)	(-)	(-)
IT Cost & FTE Manpower-Miscellaneous income						
NVD	9.32	-	-	-	-	9.32
	(6.93)	(-)	(-)	(-)	(-)	(6.93)
HCCI	4.82	-	-	-	-	4.82
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**14.14**	**-**	**-**	**-**	**-**	**14.14**
	(6.93)	**(-)**	**(-)**	**(-)**	**(-)**	**(6.93)**
Short-term employee benefits*						
Dr. Devi Prasad Shetty	-	61.53	-	-	-	61.53
	(-)	(64.33)	(-)	(-)	(-)	(64.33)
Dr. Emmanuel Rupert	-	48.46				48.46

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

31. Related party disclosures (Contd..)

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

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
	(-)	(32.25)	(-)	(-)	(-)	(32.25)
Viren Prasad Shetty	-	12.66	-	-	-	12.66
	(-)	(13.24)	(-)	(-)	(-)	(13.24)
Kesavan Venugopalan	-	26.53	-	-	-	26.53
	(-)	(24.12)	(-)	(-)	(-)	(24.12)
Sridhar S	-	4.65	-	-	-	4.65
	(-)	(4.78)	(-)	(-)	(-)	(4.78)
Dr. Anesh Shetty	-	-	-	-	-	-
	(-)	(-)	(1.31)	(-)	(-)	(1.31)
TOTAL	**-**	**153.83**	**-**	**-**	**-**	**153.83**
	(-)	**(138.72)**	**(1.31)**	**(-)**	**(-)**	**(140.03)**
Professional Fees						
Dr. Vivek Shetty	-	-	4.33	-	-	4.33
	(-)	(-)	(5.35)	(-)	(-)	(5.35)
Dr. Varun Shetty	-	-	5.50	-	-	5.50
	(-)	(-)	(7.10)	(-)	(-)	(7.10)
TOTAL	**-**	**-**	**9.83**	**-**	**-**	**9.83**
	(-)	**(-)**	**(12.45)**	**(-)**	**(-)**	**(12.45)**
Share based payments						
Dr. Emmanuel Rupert	-	7.99	-	-	-	7.99
	(-)	(27.03)	(-)	(-)	(-)	(27.03)

Figures in brackets are for the previous year.

Note:

Compensation to KMP is bifurcated into short-term employee benefits, long-term benefits and share based payments. The remuneration to KMP does not include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Company as a whole.

*The amounts are determined as per section 17(2) of the Income tax Act, 1961 read with the related Rules.

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

31. Related party disclosures (Contd..)

c) The balances receivable from and payable to related parties

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Other financial assets (Current)- Due for reimbursement of expense						
NHIPL	1.24	-	-	-	-	1.24
	(1.10)	(-)	(-)	(-)	(-)	(1.10)
NVDSHPL	3.93	-	-	-	-	3.93
	(4.17)	(-)	(-)	(-)	(-)	(4.17)
NIARPL	1.42	-	-	-	-	1.42
	(1.29)	(-)	(-)	(-)	(-)	(1.29)
HCCI	13.96	-	-	-	-	13.96
	(12.08)	(-)	(-)	(-)	(-)	(12.08)
NHF	-	-	-	-	1.31	1.31
	(-)	(-)	(-)	(-)	(1.02)	(1.02)
NHHBPL	7.01	-	-	-	-	7.01
	(6.32)	(-)	(-)	(-)	(-)	(6.32)
MMRHL	-	-	-	-	-	-
	(5.06)	(-)	(-)	(-)	(-)	(5.06)
Hrudayalaya Pharmacy	-	-	-	-	0.02	0.02
	(-)	(-)	(-)	(-)	(-)	(-)
NHSHPL	41.17	-	-	-	-	41.17
	(32.42)	(-)	(-)	(-)	(-)	(32.42)
TOTAL	**68.73**	**-**	**-**	**-**	**1.31**	**70.04**
	(62.44)	**(-)**	**(-)**	**(-)**	**(1.02)**	**(63.46)**
Other Current assets- Due for reimbursement of expense						
AHF	-	-	-	-	1.06	1.06
	(-)	(-)	(-)	(-)	(0.04)	(0.04)
Financial assets- loans (Non current)- Unsecured Loan						
NHPL	20.00	-	-	-	-	20.00
	(20.00)	(-)	(-)	(-)	(-)	(20.00)
Financial assets- loans (Current)- Unsecured Loan						
NHSHPL	97.00	-	-	-	-	97.00
	(72.50)	(-)	(-)	(-)	(-)	(72.50)

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

31. Related party disclosures (Contd..)

c) The balances receivable from and payable to related parties

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Other financial liabilities - (Current) Creditors for capital goods						
NIARPL	58.04	-	-	-	-	58.04
	(58.04)	(-)	(-)	(-)	(-)	(58.04)
Other non-current assets - Prepaid rent						
NHPL	-	-	-	-	-	-
	(18.64)	(-)	(-)	(-)	(-)	(18.64)
Charmakki Infrastructures	-	-	-	-	16.55	16.55
	(-)	(-)	(-)	(-)	(21.77)	(21.77)
TOTAL	**-**	**-**	**-**	**-**	**16.55**	**16.55**
	(18.64)	**(-)**	**(-)**	**(-)**	**(21.77)**	**(40.41)**
Other current assets - Prepaid rent						
NHPL	18.63	-	-	-	-	18.63
	(18.94)	(-)	(-)	(-)	(-)	(18.94)
Charmakki Infrastructures	-	-	-	-	6.97	6.97
	(-)	(-)	(-)	(-)	(6.97)	(6.97)
TOTAL	**18.63**	**-**	**-**	**-**	**6.97**	**25.60**
	(18.94)	**(-)**	**(-)**	**(-)**	**(6.97)**	**(25.91)**
Financial assets- loans (non current)- Security deposit						
NHPL	255.87	-	-	-	-	255.87
	(233.46)	(-)	(-)	(-)	(-)	(233.46)
Charmakki Infrastructures	-	-	-	-	105.19	105.19
	(-)	(-)	(-)	(-)	(95.97)	(95.97)
TOTAL	**255.87**	**-**	**-**	**-**	**105.19**	**361.06**
	(233.46)	**(-)**	**(-)**	**(-)**	**(95.97)**	**(329.43)**
Trade payables						
NHPL	37.68	-	-	-	-	37.68
	(33.45)	(-)	(-)	(-)	(-)	(33.45)
Amaryllis Healthcare Private Limited	-	-	-	-	11.48	11.48
	(-)	(-)	(-)	(-)	(1.62)	(1.62)
Charmakki Infrastructures	-	-	-	-	0.53	0.53
	(-)	(-)	(-)	(-)	(-)	(-)
MSMF	-	-	-	-	-	-

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

31. Related party disclosures (Contd..)

c) The balances receivable from and payable to related parties

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
	(-)	(-)	(-)	(-)	(0.29)	(0.29)
MMRHL	3.06	-	-	-	-	3.06
	(-)	(-)	(-)	(-)	(-)	(-)
NHF	-	-	-	-	0.53	0.53
	(-)	(-)	(-)	(-)	(0.62)	(0.62)
AHF	-	-	-	-	1.86	1.86
	(-)	(-)	(-)	(-)	(1.49)	(1.49)
Hrudayalaya Pharmacy	-	-	-	-	0.01	0.01
	(-)	(-)	(-)	(-)	(0.01)	(0.01)
NHSHPL	6.19	-	-	-	-	6.19
	(-)	(-)	(-)	(-)	(-)	(-)
NVDSHPL	1.46	-	-	-	-	1.46
	(0.89)	(-)	(-)	(-)	(-)	(0.89)
TOTAL	**48.39**	**-**	**-**	**-**	**14.41**	**62.80**
	(34.34)	**(-)**	**(-)**	**(-)**	**(4.03)**	**(38.37)**
Trade receivables						
HCCI	112.49	-	-	-	-	112.49
	(108.13)	(-)	(-)	(-)	(-)	(108.13)
NHF	-	-	-	-	0.03	0.03
	(-)	(-)	(-)	(-)	(0.07)	(0.07)
NHSHPL	24.29	-	-	-	-	24.29
	(12.43)	(-)	(-)	(-)	(-)	(12.43)
MMRHL	3.06	-	-	-	-	3.06
	(2.03)	(-)	(-)	(-)	(-)	(2.03)
NVDSHPL	0.46	-	-	-	-	0.46
	(0.06)	(-)	(-)	(-)	(-)	(0.06)
TOTAL	**140.30**	**-**	**-**	**-**	**0.03**	**140.33**
	(122.65)	**(-)**	**(-)**	**(-)**	**(0.07)**	**(122.72)**
Other liabilities (current) - Other payables						
AHF	-	-	-	-	71.00	71.00
	(-)	(-)	(-)	(-)	(61.52)	(61.52)

Notes

to the standalone financial statements for the year ended March 31, 2021 (Contd..)

31. Related party disclosures (Contd..)

c) The balances receivable from and payable to related parties

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Other financial assets (current) - Interest accrued on unsecured loan						
NHSHPL	1.34	-	-	-	-	1.34
	(1.48)	(-)	(-)	(-)	(-)	(1.48)
NHPL	11.48	-	-	-	-	11.48
	(9.57)	(-)	(-)	(-)	(-)	(9.57)
Total	**12.82**	**-**	**-**	**-**	**-**	**12.82**
	(11.05)	**(-)**	**(-)**	**(-)**	**(-)**	**(11.05)**
Share based payments						
Dr. Emmanuel Rupert	-	7.99	-	-	-	7.99
	(-)	(27.03)	(-)	(-)	(-)	(27.03)
Guarantees outstanding						
MMRHL	820.70	-	-	-	-	820.70
	(680.70)	(-)	(-)	(-)	(-)	(680.70)
NHSHPL	710.00	-	-	-	-	710.00
	(710.00)	(-)	(-)	(-)	(-)	(710.00)
HCCI	2,388.90	-	-	-	-	2,388.90
	(2,450.04)	(-)	(-)	-	(-)	(2,450.04)
NVDSHPL	-	-	-	-	-	-
	(25.00)	(-)	(-)	(-)	(-)	(25.00)
TOTAL	**3,919.60**	**-**	**-**	**-**	**-**	**3,919.60**
	(3,865.74)	**(-)**	**(-)**	**(-)**	**(-)**	**(3,865.74)**
Security outstanding						
NHSHPL	-	-	-	-	-	-
	(6.40)	(-)	(-)	(-)	(-)	(6.40)
Security Received						
NHPL	327.91	-	-	-	-	327.91
	(333.17)	(-)	(-)	(-)	(-)	(333.17)

Figures in brackets 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 reasonably be expected to be available, in respect of similar transactions with other than related entities on an arm's length basis.

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to the standalone financial statements for the year ended 31 March 2021 (Contd..)

32. Segment information

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 disclosures to be provided under Ind AS 108, other than those already provided in the financial statements.

Entity wide disclosures -Information about geographical areas

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.

(i) Revenue from operations

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
India	16,356.97	22,202.35
Rest of the world	182.32	191.16
	16,539.29	**22,393.51**

(ii) Non current assets *

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
India	10,827.92	11,772.21
	10,827.92	**11,772.21**

*Non-current assets exclude financial instruments & tax assets

33. Investments, loans, guarantees and security

(a) The Company has made investment in the following Companies:

(₹ in million)

Entity	As at March 31, 2020 (net of impairment)	Allotment / Purchases during the year	Sold during the year	Impairment / write off	As at March 31, 2021
Investment in equity instruments					
Narayana Institute for Advanced Research Private Limited	57.60	-	-	-	57.60
Narayana Hrudayalaya Surgical Hospital Private Limited	1,233.71	259.95	-	-	1,493.66
Narayana Hospitals Private Limited	532.61	-	-	-	532.61
Narayana Cayman Holdings Ltd	3,193.18	-	-	-	3,193.18
Meridian Medical Research & Hospital Limited	1,137.50	-	-	-	1,137.50

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

(a) The Company has made investment in the following Companies: (Contd..)

(₹ in million)

Entity	As at March 31, 2020 (net of impairment)	Allotment / Purchases during the year	Sold during the year	Impairment / write off	As at March 31, 2021
Narayana Vaishno Devi Specialty Hospitals Private Limited	-	-	-	-	-
Narayana Health Institutions Private Limited	-	-	-	-	-
Atria Wind Power (Chitradurga) Pvt Ltd	0.03	-	-	-	0.03
TriMedx India Private Limited	-	-	-	-	-
Others					
Fair Value of guarantee in subsidiaries*	36.77	-	-	-	36.77
Deemed Investment	1.89	-	-	-	1.89
	6,193.29	**259.95**	**-**	**-**	**6,453.24**

*Pertains to guarantees provided by company to its subsidiaries which has been eliminated on consolidation. This transaction has been recorded in accordance with the applicable accounting standard and has no implication under any statute.

(b) The Company has given unsecured loans to the following entities:

(₹ in million)

Entity	As at March 31, 2020	Movement	As at March 31, 2021	Purpose of loans
Subsidiaries				
Narayana Hospitals Private Limited	20.00	-	20.00	Financial assistance
Narayana Hrudayalaya Surgical Hospital Private Limited	72.50	24.50	97.00	Financial assistance
	92.50	**24.50**	**117.00**	

(c) The Company has provided guarantees to the following entities:

(₹ in million)

Entity	As at March 31, 2020	Movement	As at March 31, 2021	Purpose of loans
Health City Cayman Islands Ltd	2,450.04	(61.14)*	2,388.90	Corporate guarantee given to First Caribbean International Bank to give term loan to Health City Cayman Islands Limited.(refer note 44)
Narayana Hrudayalaya Surgical Hospital Private Limited	360.00		360.00	Corporate guarantee given to Yes Bank for giving term loan/ working capital loan to Narayana Hrudayalaya Surgical Hospital Private Limited.
Narayana Hrudayalaya Surgical Hospital Private Limited	350.00	-	350.00	Corporate guarantee given to The Hongkong and Shanghai Banking Corporation Ltd to give term loan to Narayana Hrudayalaya Surgical Hospital Private Limited.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

(c) The Company has provided guarantees to the following entities: (Contd..)

(₹ in million)

Entity	As at March 31, 2020	Movement	As at March 31, 2021	Purpose of loans
Narayana Vaishno Devi Specialty Hospitals Private Limited	25.00	(25.00)	-	Bank guarantee given by Yes Bank to Sri Mata Vaishno Devi Shrine Board on behalf of Narayana Vaishno Devi Specialty Hospitals Private Limited.
Meridian Medical Research & Hospital Limited	680.70	-	680.70	Corporate guarantee given to State Bank of India for giving term loan/working capital loan to Meridian Medical Research & Hospital Limited.
Meridian Medical Research & Hospital Limited	-	140.00	140.00	Corporate guarantee given to Axis Bank of India for giving term loan/ working capital loan to Meridian Medical Research & Hospital Limited.
	3,865.74	**115.00**	**3,919.60**	

* The movement is on account of exchange fluctuation

(d) The Company has provided security to the following entity:

(₹ in million)

Entity	As at March 31, 2020	Movement	As at March 31, 2021	Purpose of loans
Narayana Hrudayalaya Surgical Hospital Private Limited	6.40	(6.40)	-	Fixed Deposit in Yes Bank as security for opening letter of credit favouring Narayana Hrudayalaya Surgical Hospital Private Limited.
	6.40	**(6.40)**	**-**	

34. Employee benefits

Defined contribution 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 for the year aggregated to ₹ 215.05 million (previous year: ₹ 259.88 million)

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

Defined benefit plan

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. The gratuity fund is administered by a trust formed for this purpose and is managed by Kotak Life Insurance. 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.

A. 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 Standalone financial statements as at balance sheet date:

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Defined benefit obligations liability	317.53	277.56
Plan assets	(24.26)	(8.02)
Net defined benefit liability	293.27	269.54
Liability for compensated absences	168.55	181.61
Total employee benefit liability	**461.82**	**451.15**
Non-current	226.67	181.01
Current	235.15	270.14

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 million)

Particulars	As at March 31, 2021	As at March 31, 2020
Defined benefit obligation as at April 1	277.56	237.62
Benefits paid		
- by the Fund	(21.02)	(18.77)
- by the Company	-	-
Current service cost	41.89	41.43
Interest cost	12.27	12.93
Actuarial (gains)/ losses recognised in other comprehensive income		
- changes in demographic assumptions	4.90	(0.81)
- changes in financial assumptions	25.26	3.11
- experience adjustments	(23.33)	2.05
Defined benefit obligations as at March 31	**317.53**	**277.56**

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

ii) Reconciliation of fair values of plan assets

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Plan assets at beginning of the year	8.02	20.07
Contributions paid into the plan	35.91	10.05
Interest income	0.43	1.34
Benefits of prior years	-	(5.97)
Benefits paid	(21.02)	(18.76)
Actuarial (gains)/ losses recognised in other comprehensive income	0.92	1.29
Plan assets at the end of the year	**24.26**	**8.02**
Net defined benefit liability	**293.27**	**269.54**

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

(₹ in million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	41.89	41.43
Interest cost	12.27	12.93
Interest income	(0.43)	(1.34)
	53.73	**53.02**

ii) Remeasurements recognised in other comprehensive income

(₹ in million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial (gain)/ loss on defined benefit obligation	6.83	4.35
Return on plan assets excluding interest income	(0.92)	(1.29)
	5.91	**3.06**

D. Plan Assets

Plan assets comprises of the following:

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Government securities & debt instruments	24.26	8.02

The nature of assets allocation of plan assets is in government securities and debt instruments of high credit rating.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

E. 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	Up to Level 6 = 36%, Level 7and above = 20%	Up to Level 6 = 43%, Level 7and above = 20%
Discount rate	5.18%	5.35%
Expected rate of return on plan assets	0.07	0.07
Mortality table	IALM 2012-2014	IALM 2012-2014
Future salary increases	First year 7.91%, thereafter 6%	First year 0%, thereafter 6%

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

As of March 31, 2021, the plan assets have been invested in insurer managed funds and the expected contributions to the fund during the year ending March 31, 2022, is approximately ₹ 90.85 million (March 31, 2020: ₹ 96.55 million).

Maturity profile of defined benefit obligation

(₹ in million)

Particulars	Amount
1st following year	90.85
2nd following year	66.21
3rd following year	51.24
4th following year	39.78
5th following year	29.44
Year 6 to 10	70.73
Above 10 years	31.34

At March 31, 2021, the average duration of the defined benefit obligations was 30.56 years (previous year: 30.10 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.

(₹ in million)

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(4.08)	4.57	(3.31)	3.40
Future salary increases (0.5% movement)	3.44	(2.78)	2.66	(2.62)
Attrition rate (0.5% movement)	0.70	(0.43)	0.37	(0.36)
Mortality rate (10% movement)	0.00	0.28	0.01	(0.01)

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.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

35. Due to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 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 March 31, 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.

(₹ in million)

Particulars	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	7.93	43.49
- Interest	0.75	1.01
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	0.75	1.01
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	-	-

36. Prepaid expenses

Expenses prepaid as on March 31, 2019 amounting to ₹ 275.48 million representing rent paid to Asia Heart Foundation and Modern Medical Institute, have as at April 1, 2019 been considered as ROU assets for the remaining lease term and presented appropriately as at March 31, 2021.

37. Leases

The Company has adopted Ind AS 116 'Leases', effective annual reporting period beginning April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied the standard to its leases, using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (April 1, 2019). Comparative information has not been restated.

Accordingly, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application.

In adopting Ind AS 116, the Company has applied the below practical expedients:

The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"

The Company has not applied the requirements of Ind AS 116 for leases of low value assets

The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

(ii) The following is the break-up of current and non-current lease liabilities as at March 31, 2021

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	214.94	191.42
Non-current lease liabilities	1,416.75	1,625.71
	1,631.69	**1,817.13**

(iii) The following is the movement in the lease liabilities during the year ended March 31, 2021

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	1,817.13	1,645.61
Additions	(5.75)	289.95
Finance cost accrued during the year	150.89	161.89
Payment of lease liabilities	(330.58)	(280.32)
	1,631.69	**1,817.13**

(iv) The table below provides details regarding the contractual maturities of rental payments as of March 31, 2021

(₹ in million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Contractual rental payments	348.13	350.27	656.93	1,304.35	2,659.68
	348.13	**350.27**	**656.93**	**1,304.35**	**2,659.68**

Rental expense recorded for short-term leases was ₹ 348.12 million(previous year ₹ 438.10) for the year ended March 31, 2021.

The table below provides details regarding the contractual maturities of rental payments as of March 31, 2020

(₹ in million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Contractual rental payments	331.72	351.83	838.66	1,437.15	2,959.35
	331.72	**351.83**	**838.66**	**1,437.15**	**2,959.35**

38. Earnings/ (loss) per share (EPS)

Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2021 was based on profit/(loss) attributable to equity shareholders of (₹ 786.73) million (previous year: ₹ 677.43 million) and weighted average number of equity shares outstanding 202,916,718 (previous year: 202,904,998).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended March 31, 2021 was based on profit/(loss) attributable to equity shareholders of (₹ 786.73) million (previous year: ₹ 677.43 million) and weighted average number of equity shares outstanding after adjustment for effects of all the dilutive potential equity shares.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

(₹ in million, except no. of shares)

Earnings	As at March 31, 2021	As at March 31, 2020
Profit/ (loss) after tax	(786.73)	677.43

Weighted average number of equity shares (basic)

(₹ in million, except no. of shares)

Shares	As at March 31, 2021	As at March 31, 2020
Total no of shares outstanding	204,360,804	204,360,804
Effect of Treasury shares	(1,444,086)	(1,455,806)
Weighted average number of equity shares for the year	**202,916,718**	**202,904,998**

Weighted average number of equity shares (diluted)

(₹ in million, except no. of shares)

Shares	As at March 31, 2021	As at March 31, 2020
Weighted average number of equity shares(basic)	202,916,718	202,904,998
Weighted average number of equity shares from assumed exercise of share options	173,288	136,329
Weighted average number of equity shares (diluted) for the year	**203,090,006**	**203,041,327**
Basic earnings/ (loss) per share (₹)	(3.88)	3.34
Diluted earnings/ (loss) per share(₹) *	(3.88)	3.34
(Nominal value per share ₹ 10)		

*Impact of potential dilutive equity shares is not considered as they are anti-dilutive in nature

39. Income tax

(a) Amount recognised in statement of profit and loss

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax		
- Current year*	-	388.52
- Prior years	-	(15.00)
Mat credit entitlement**	-	-
Deferred tax charge/ (credit), net		
Origination and reversal of temporary differences	(423.13)	(10.91)
Tax expense for the year	**(423.13)**	**362.61**

*Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The provision for tax for the year ended March 31, 2021 & March 31, 2020 have been made duly taking into consideration the requirements under Appendix C to Ind AS 12, including the Management's assessment of the probability of acceptance of the Company's tax positions by the taxation / appellate authorities.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

(b) Amount recognised in other comprehensive income

(₹ in million)

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified subsequently to profit or loss						
Re-measurement on defined benefit plans	(5.83)	2.04	(3.79)	(3.06)	1.07	(1.99)
Items that will be reclassified subsequently to profit or loss						
The effective portion of gains /(loss) on hedging instruments in a cash flow hedge	33.52	(11.71)	21.81	(67.64)	23.63	(44.01)
	27.69	**(9.67)**	**18.02**	**(70.70)**	**24.70**	**(46.00)**

(c) Reconciliation of effective tax rate

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	(1,209.86)	1,040.04
Tax using the Company's domestic tax rate (Current year 34.94% and Previous Year 34.94%)	(422.73)	363.39
Tax effect of:		
Non-deductible tax expenses	(0.40)	14.22
Others	-	(15.00)
	(423.13)	**362.61**

(d) Recognised deferred tax assets and liabilities

(i) Deferred tax assets and liabilities are attributable to the followings:

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax asset		
Provision for doubtful receivables	113.74	125.07
Provision for gratuity	104.26	95.99
Provision for compensated absences	58.90	63.46
Provision for slow and non moving inventory	7.33	7.82
Impact on account of adoption of Ind AS 116	184.36	148.17
On land indexation of freehold land	18.91	18.91
On unabsorbed business loss	315.54	-
Others	22.72	44.33
Total deferred tax asset	**825.76**	**503.75**
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,158.02)	(1,249.47)
Total deferred tax liability	**(1,158.02)**	**(1,249.47)**
Minimum alternative tax assets*	**220.35**	**220.35**
Deferred tax liability (net)	**(111.91)**	**(525.37)**

**During the FY 18-19 the company has loss as per normal provision of Income Tax Act, 1961 and so was liable to pay tax as per Minimum Alternative tax (MAT) under section 115 JB of Income Tax Act, 1961. As per Section 115 JAA of Income Tax Act,1961, MAT assets can be carried forward to 15 years from Assessment year 2019-20, subject to earlier utilization by the company.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

(ii) Movement in temporary differences

(₹ in million)

Particulars	Balances as at April 1, 2020	Adjustment to retained earnings	Recognised in Profit and loss during 2020-21 & MAT credit utilisation	Recognise in OCI during 2020-21	Balances as at March 31, 2021
Provision for doubtful receivables	125.07	-	(11.33)	-	113.74
Provision for gratuity	95.99	-	6.23	2.04	104.26
Provision for compensated absences	63.46	-	(4.56)	-	58.90
Provision for slow and non moving inventory	7.82	-	(0.49)	-	7.33
Impact on account of adoption of Ind AS 116	148.17		36.19	-	184.36
On land indexation of freehold land	18.91	-	-	-	18.91
On unabsorbed business loss	-	-	315.54	-	315.54
Others	44.33	-	(9.90)	(11.71)	22.72
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,249.47)	-	91.45	-	(1,158.02)
Mat Credit Entitlement	220.35	-	-	-	220.35
	(525.37)	**-**	**423.13**	**(9.67)**	**(111.91)**

40. Share based payments

During the year ended March 31, 2016, the Company introduced the NH ESOP 2015 ("NH ESOP") for the benefit of the employees of the Company, its subsidiaries and associates, as approved by the Board of Directors in its meeting held on September 12, 2015. NH ESOP 2015 provides for the creation and issue of 2,040,000 share options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees of the Company, its subsidiaries and associate. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. In case of plan one, The share options vest in a graded manner over a period of four years and are exercisable in one or more tranches within a period of four years from the date of first vesting, failing which the options shall lapse. In case of plan two, The share options vest in a graded manner over a period of two and half years and are exercisable in one or more tranches within a period of Three years from the date of first vesting, failing which the options shall lapse.

Pursuant to NH ESOP, the Company granted 988,787 share options till March 31, 2021 (previous year: 988,787). The Stock compensation cost is computed under the Fair value method. For the year ended March 31, 2021, the Company has recorded stock compensation expenses of ₹ 6.02 million (previous year: ₹ 29.95 million) and liability as on March 31, 2021 is ₹ 35.85 million (previous year: ₹ 32.28 million).

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

The activity in this stock option plan is summarized below:

Particulars	As at March 31, 2021	As at March 31, 2020
Outstanding as at the beginning of the year (Nos.)	1,86,667	2,88,267
Option granted during the year (Nos.)	-	-
Forfeited during the year(Nos.)	-	(732)
Exercised during the year(Nos.)*	(11,720)	(1,00,868)
Expired during the year(Nos.)	-	-
Outstanding at the end of the year(Nos.)	1,74,947	1,86,667
Weighted average share price at the date of exercise (₹)	232.59	232.59

*Includes 13,397 options for which the shares are in the process of being transferred from the ESOP Trust as at March 31, 2020

Plan-1:- The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is Nil years (previous year: 0.50 years). The exercise price for the stock options outstanding as at March 31, 2021 is ₹ 10 (previous year : ₹ 10).

Plan-2:- The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is 1.50 years (previous year: 2.50 years). The exercise price for the stock options outstanding as at March 31, 2021 is ₹ 10 (previous year : ₹ 10).

Fair value presentation

Options have been valued based on fair value method as described under IND AS 102 Share Based Payments using Black Scholes valuation options-pricing model, using the fair value of the Company's shares as on the grant date.

Particulars	As at March 31, 2021	As at March 31, 2020
No. of options granted (Nos.)	Plan - 1 - 805670 Plan - 2 -183117	Plan - 1 - 805670 Plan - 2 -183117
Date of grant	October 1, 2015 - 805670 March 25, 2019 - 183117	October 1, 2015 - 805670 March 25, 2019 - 183117
Vesting period (years)	for 805,670 options - 4 years for 183,117 options- 2.52 years	for 805,670 options - 4 years for 183,117 options- 2.52 years
Expected life of option (years)	for 805,670 options - 5 years for 183,117 options- 3.52 years	for 805,670 options - 5 years for 183,117 options- 3.52 years
Expected volatility	for 805,670 options - 35% for 183,117 options - 24.70%	for 805,670 options - 35% for 183,117 options - 24.70%
Risk free rate	for 805,670 options - 7.63% for 183,117 options - 6.90%	for 805,670 options - 7.63% for 183,117 options - 6.90%
Expected dividends expressed as a dividend yield	for 805,670 options - 0% for 183,117 options - 0%	for 805,670 options - 0% for 183,117 options - 0%
Weighted-average fair values of options per share (₹)	for 805,670 options - 208.73 for 183,117 options - 209.81	for 805,670 options - 208.73 for 183,117 options - 209.81

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

41. Service Concessionaire Arrangement.

The Company had entered into an agreement with National Rural Health Mission, Assam (NRHM) on August 16, 2012 ("effective date") to set up a super specialty hospital in Guwahati and to operate and manage such hospital for a period of 30 years. As per the agreement, NRHM will provide ₹ 220.00 million in three instalments over a period of 1 year during execution of the project besides the existing hospital building on as is where is basis. The Company has received ₹ 220.00 million as it met all the conditions relating to the grants. As per the terms of the agreement, the Company has entered into lease agreement with NRHM for existing building and land for a lease period of 30 years.

Also, as per the agreement not less than 50% of the hospitals beds shall be charged at 1.85% below the National Accreditation Board for Hospitals and Healthcare Providers (NABH) accredited hospital rates applicable. All the surgical, observational and other procedures for which super speciality rates are available in Central Government Health Scheme (CGHS) schedule, such rates quoted in CGHS schedule shall apply and for which it is not available, NABH accredited hospital rates shall apply.

The Company has established a super-speciality hospital providing all the necessary services and for that it has to bear all the expenses in setting up the facilities mentioned in the agreement and thereafter run the hospitals on a day to day basis.

The term of the agreement is to commence on the effective date and will continue until the expiration of 30 years on August 15, 2042. Thereafter, this agreement shall be renewed for such additional periods and on such terms and conditions as may be mutually agreed to by the parties to the agreement. The agreement can be terminated by the both the parties by mutual written agreement or if the other party breach or fail to perform any of its covenants or agreement or if any representation or warranty of the other party under this agreement shall have become untrue.

42. 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.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

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

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Total equity attributable to the equity shareholders of the Company	10,896.43	11,658.78
As a percentage of total capital	74%	73%
Long-term borrowings including current maturities	3,759.34	4,257.76
Short-term borrowings	121.84	-
Total borrowings	**3,881.18**	**4,257.76**
As a percentage of total capital	26%	27%
Total capital (Equity and Borrowings)	**14,777.61**	**15,916.54**

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

43. Financial instruments: Fair value and risk management

A. Accounting classification and fair values

(₹ in million)

As at March 31, 2021	Total	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Amortised cost					
Trade receivables	1,543.86	-	-	-	-
Cash and cash equivalents	502.95	-	-	-	-
Bank balances other than above	58.96	-	-	-	-
Loans receivables	673.32	-	-	-	-
Other financial assets	214.93	-	-	-	-
Fair value through profit and loss (FVTPL)					
Guarantees in subsidiaries (investments)	36.77	-	36.77	-	36.77
	3,030.79	**-**	**36.77**	**-**	**36.77**
Financial liabilities					
Amortised cost					
Borrowings	3,881.18	-	-	-	-
Lease liabilities	1,631.69				
Trade payables	3,097.62	-	-	-	-
Other financial liabilities	260.32	-	-	-	-
Fair value through OCI (FVOCI)					
Interest rate swap (other financial liabilities)	75.85	-	75.85	-	75.85
	8,946.66	**-**	**75.85**	**-**	**75.85**

(₹ in million)

As at March 31, 2020	Total	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Amortised cost					
Trade receivables	1,470.16	-	-	-	-
Cash and cash equivalents	407.56	-	-	-	-
Bank balances other than above	115.11	-	-	-	-
Loans receivables	725.61	-	-	-	-
Other financial assets	159.93	-	-	-	-
Fair value through profit and loss (FVTPL)					-
Guarantees in subsidiaries (investments)	36.77	-	36.77	-	36.77
	2,915.14	**-**	**36.77**	**-**	**36.77**
Financial liabilities					
Amortised cost					
Borrowings	4,257.76	-	-	-	-
Lease liabilities	1,817.13				
Trade payables	2,609.53	-	-	-	-
Other financial liabilities	267.85	-	-	-	-
Fair value through OCI (FVOCI)					-
Interest rate swap (other financial liabilities)	105.10	-	105.10	-	105.10
	9,057.37	**-**	**105.10**	**-**	**105.10**

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

Measurement of fair values

The carrying value of all financial assets 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 ₹ 1,857.14 million (previous year: ₹ 1,828.08 million). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

(₹ in million)

Allowance for credit loss	As at March 31, 2021	As at March 31, 2020
Opening balance	357.92	300.22
Expected credit loss recognised/(reversed)	(44.64)	57.70
Closing balance	**313.28**	**357.92**

No single customer accounted for more than 10% of the revenue as of March 31, 2021 and March 31, 2020. There is no significant concentration of credit risk.

Credit risk on cash and cash equivalents 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. In addition, the Company maintains line of credit as stated in Note 16.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

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

(₹ in million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	654.58	681.39	2,518.95	26.25	3,881.17
Lease liabilities	214.94	236.53	929.19	251.04	1,631.70
Trade payables	3,097.62	-	-	-	3,097.62
Other financial liabilities	144.05	17.74	4.75	169.63	336.17
Total	**4,111.20**	**935.65**	**3,452.89**	**446.92**	**8,946.66**

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

(₹ in million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	476.43	586.35	2,045.75	1,149.23	4,257.76
Lease liabilities	191.42	218.35	551.35	856.01	1,817.13
Trade payables	2,609.53	-	-	-	2,609.53
Other financial liabilities	136.55	14.00	25.25	197.15	372.95
Total	**3,413.93**	**818.71**	**2,622.34**	**2,202.39**	**9,057.37**

(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, interest rates and equity prices.

(a) Foreign currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the company. The functional currency of company is ₹. The currencies in which these transactions are primarily denominated is US dollars.

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows.

As at March 31, 2021	(USD in million)
Financial assets	
Trade receivables	1.55
Cash and cash equivalents	0.53
Other financial assets	0.19
Financial liabilities	
Borrowings	16.07
Trade payables	0.08
Other financial liabilities	-
Net assets / (liabilities)	**(13.88)**

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

As at March 31, 2020	(USD in million)
Financial assets	
Trade receivables	1.43
Cash and cash equivalents	0.83
Other financial assets	0.16
Financial liabilities	
Borrowings	19.64
Trade payables	0.11
Other financial liabilities	-
Net assets / (liabilities)	**(17.32)**

(b) Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in million)

Allowance for credit loss	Impact on profit or (loss) before tax	
	As at March 31, 2021	As at March 31, 2020
USD Sensitivity		
₹/USD - Increase by 1%	(10.20)	(13.06)
₹/USD - Decrease by 1%	10.20	13.06

(c) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

(i) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Particulars	No. of Contracts	As at March 31, 2021		As at March 31, 2020	
		Amount Hedged (in USD million)	Fair Value (INR million)	Amount Hedged (in USD million)	Fair Value (INR million)
Interest Rate Swap	1	25.00	(75.85)	25.00	(105.10)

The Company has entered into derivative financial instruments with a counter-party (bank) with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying. As at March 31, 2021, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

Exposure to Interest Rate

Company's Interest rate rise arises from borrowings. The Following table demonstrates the sensitivity on the company's profit before tax to a reasonably possible change in interest rates on that position of loans and borrowings affected, with other variables held constant.

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings	2,699.85	2,776.97
Total borrowings	**2,699.85**	**2,776.97**

(ii) Sensitivity

(₹ in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Sensitivity		
1% increase in MCLR rate	27.00	27.77
1% decrease in MCLR rate	(27.00)	(27.77)

The interest rate sensitivity is based on the closing balance of secured term loans from banks and financial institutions.

44. During the year ended March 31, 2018, the Company had provided guarantee amounting to USD 32 Million for the loan obtained by Health City Cayman Islands (HCCI) from First Caribbean International Bank (FCIB) and signed Loan Agreement and Capital Contribution Agreement. As per the Capital Contribution Agreement and as clarified by Reserve Bank of India through the Authorised Dealer, Canara Bank, the immediate liability of the Company to FCIB for the loan taken by HCCI is limited to servicing the DSRA for an amount of USD1.22 Million only (Amount equivalent to three months interest and instalment due in the next three months) till such time HCCI has defaulted in repaying less than three instalments / interest payment during the duration of the Loan. In the event of HCCI defaulting for the third time in the repayment of loan/interest or any dues to FCIB, FCIB would have a right to release the Corporate Guarantee of USD 32 Million given by the Company from the Escrow Agent (refer note 31(c) & 33(c)). In such event, the liability of the Company towards the Corporate Guarantee would be for the entire value of USD 32 Million. As of the date of this balance sheet, HCCI has paid all its dues and has not defaulted in the repayment of any dues and the outstanding loan amount as of March 31, 2021 is USD 22.92 Million.

45. 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 FY2021 was severely impacted due to the pandemic, the Company's operations started to gradually increase during Q2 and Q3 of FY21 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 FY21 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, including availability of banking facilities for maintaining liquidity for its operations, 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.

Notes

to the standalone financial statements for the year ended 31 March 2021 (Contd..)

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/ results and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic conditions arise.

46. 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 stake holders which are under active consideration by the Ministry. The Company will complete its evaluation and will give appropriate impact in its standalone financial statements in the period in which the Code becomes effective and the related rules are published.

47. The Board of Directors, in their meeting on February 5, 2021, have approved the merger of its wholly owned subsidiary Narayana Cayman Holdings Limited, Cayman Islands with its wholly owned stepdown subsidiary Health City Cayman Islands Limited, Cayman Islands. The effective date of merger is April 1, 2021.Pursuant to the above, the merger has also been approved by the Registrar of Companies Cayman Islands.

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Prasad Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer
Place: Bengaluru
Date: May 31, 2021

Sridhar S
Company Secretary
Place: Bengaluru
Date: May 31, 2021

Consolidated Financial Statements

Independent Auditor's Report

To The Members of Narayana Hrudayalaya Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Narayana Hrudayalaya Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), which includes Group's share of loss in its associates, which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial information of the subsidiaries and associates referred to in the Other Matters section below, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2021, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Emphasis of Matter

We draw attention to Note 53 of the Consolidated 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 Consolidated Financial Statements of the Group. The Group 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. 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 Consolidated financial statements.

Our Opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

KAM as reported	Auditor Response
Impairment of Assets of Cash Generating Unit Impairment evaluation carried out by the Management for tangible, intangible assets and goodwill (hereinafter collectively referred to as ("Assets") relating to one of the Cash Generating Units (hereinafter referred to as "the CGU") of one of the Subsidiaries of the Parent because of its continued losses. Basis this evaluation, an impairment loss of ₹ 108.70 million had been recognized in the consolidated financial statements during the year ended March 31, 2020 resulting in the net carrying value of the Assets relating to the CGU being ₹ 794.50 million. as at March 31, 2021 (refer note 4 to the consolidated financial statements). Impairment of the Assets of the CGU has been identified as a key audit matter due to: • The significance of the carrying value of the Assets being assessed; and • The assessment of the carrying value of the Assets involves assumptions and exercising significant judgements in estimating the recoverable value of the CGU, including taking into account the possible effect of the pandemic relating to COVID-19. Any adverse changes to these assumptions could result in lower recoverable value than the carrying amount.	**Principal audit procedures performed:** a. Evaluated the design and implementation of the relevant controls and the operating effectiveness of such internal controls which inter-alia includes the completeness and accuracy of the input data considered, reasonableness of the assumptions considered in determining the present value of future cash flows. b. Obtained the business projections of the CGU (prepared by the Management) and performed the following procedures: i. Conducted discussions with the Parent/ Subsidiary personnel to identify if factors that, in our professional judgement, should be taken into account in the analysis were considered. ii. Compared the actual revenues and cash flows generated by the CGU during the year with the plan and estimates considered in the previous year iii. Verified if the cash flow projections of the CGU considered for the assessment of impairment were as per cash flow projections reviewed and approved by the Board of Directors of the Parent and the Subsidiary. iv. Evaluated the Management's future cash flow projections, with regard to the appropriateness of key assumptions considered, including discount rate, growth rate, sensitivity analysis of the key assumptions etc. duly considering the impact of the COVID-19 pandemic and also considering the historical accuracy of the Parent's estimates in the prior periods, and comparison of the assumptions with observable market data wherever available. v. Consulted with valuation specialists to review key assumptions considered in the future cash projections such as discount rate etc.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, for example, Corporate Overview, Key Highlights, Directors' Report, Report on Corporate Governance, Management Discussion & Analysis Report, Business Responsibility Report, etc., but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

- 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 Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Parent 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.

- 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 ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited

by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹49.62 Million as at March 31, 2021, total revenues of ₹26.05 Million and net cash outflows amounting to ₹4.30 Million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include Group's share of net loss of ₹68.37 Million for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us.

These financial information have been audited by other auditors and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and associates, referred to in the Other Matters section above we report, to the extent applicable 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 of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, and the reports of the other auditors

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2021 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary Companies none of the directors of the Parent and its subsidiary companies incorporated in India 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

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 remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act

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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii) There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Parent.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Monisha Parikh
Partner
(Membership No. 47840)
UDIN:-21047840AAAACG2955

Place:- Ahmedabad
Date :- May 31, 2021

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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Narayana Hrudayalaya Limited (hereinafter referred to as "Parent") and its subsidiary companies, which are Companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies which are incorporated India, are 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 ("the ICAI)". 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 the Parent'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 Parent and its subsidiary companies which are incorporated in India, internal financial controls over financial reporting 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 internal financial controls system over financial reporting on the Parent and its subsidiary companies, which are companies, incorporated in India.

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 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 Parent and its subsidiary companies, which are companies incorporated in India, 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 internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Monisha Parikh
Partner
(Membership No. 47840)
UDIN:-21047840AAAACG2955

Place:- Ahmedabad
Date :- May 31, 2021

Consolidated Balance Sheet

(₹ in Million)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	16,438.04	17,245.02
Capital work-in-progress	4	182.63	117.84
Right of use assets	5	2,002.18	2,374.49
Goodwill	4	581.47	581.47
Intangible assets	4	587.60	717.75
Intangible assets under development	4	16.50	-
Investment in associates	6	25.94	28.24
Financial assets			
(i) Investments	7 (a)	77.34	142.04
(ii) Loans	8 (a)	353.63	397.78
(iii) Other financial assets	9 (a)	10.65	9.05
Income tax assets (net)	10	443.55	973.13
Deferred tax assets (net)	51 (b)	18.14	20.02
Other non-current assets	11 (a)	311.24	439.59
Total non-current assets		**21,048.91**	**23,046.42**
Current assets			
Inventories	12	478.39	602.41
Financial assets			
(i) Investments	7 (b)	1,100.09	693.20
(ii) Trade receivables	13	2,785.19	2,622.47
(iii) Cash and cash equivalents	14 (a)	1,107.32	1,026.91
(iv) Bank balances other than (iii) above	14 (b)	213.20	120.85
(v) Loans	8 (b)	36.29	84.57
(vi) Other financial assets	9 (b)	481.94	332.05
Other current assets	11 (b)	448.85	381.72
Total current assets		**6,651.27**	**5,864.18**
TOTAL ASSETS		**27,700.18**	**28,910.60**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15 (a)	2,043.61	2,043.61
Other Equity	15 (b)	9,159.17	9,316.03
Equity attributable to owners of the Company		**11,202.78**	**11,359.64**
Non-controlling interests	16	5.44	5.34
Total equity		**11,208.22**	**11,364.98**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	17 (a)	5,041.11	6,185.28
(ii) Lease liabilities	18 (a)	1,693.58	2,010.29
(iii) Other financial liabilities	19 (a)	1,110.00	1,285.09
Provisions	20 (a)	246.53	198.70
Deferred tax liabilities (net)	51 (a)	130.30	543.75
Other non-current liabilities	21 (a)	1,238.07	1,303.31
Total non-current liabilities		**9,459.59**	**11,526.42**
Current liabilities			
Financial liabilities			
(i) Borrowings	17 (b)	212.25	108.47
(ii) Lease liabilities	18 (b)	384.93	333.26
(iii) Trade payables	22		
(A) Total outstanding dues of micro enterprises and small enterprises		44.60	66.13
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		4,058.47	3,549.95
(iv) Other financial liabilities	19 (b)	1,202.44	1,179.00
Provisions	20 (b)	304.65	329.93
Other current liabilities	21 (b)	825.03	452.46
Total current liabilities		**7,032.37**	**6,019.20**
TOTAL EQUITY AND LIABILITIES		**27,700.18**	**28,910.60**
Significant accounting policies	3		

The accompanying notes form an integral part of the consolidated 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 Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 31, 2021

Viren Prasad Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 31, 2021

Consolidated Statement of Profit and Loss

(₹ in Million)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from operations	23	25,823.46	31,278.09
Other income	24	281.76	237.64
Total income (A)		**26,105.22**	**31,515.73**
EXPENSES			
Purchase of medical consumables, drugs and surgical instruments		6,654.48	7,223.64
Changes in inventories of medical consumables, drugs and surgical instruments - (increase) / decrease	25	124.02	229.50
Employee benefit expenses	26	6,271.92	6,736.97
Professional fees to doctors		5,128.35	6,289.79
Other expenses	27	5,823.65	6,569.09
Expenses before finance costs, depreciation and amortisation and exceptional items (B)		**24,002.42**	**27,048.99**
Earnings before finance cost, depreciation and amortisation, exceptional items and tax (A-B)		**2,102.80**	**4,466.74**
Finance costs (C)	28	759.80	852.73
Depreciation and amortisation expense (D)	29	1,835.30	1,857.96
Total expense (E) = (B+C+D)		**26,597.52**	**29,759.68**
(Loss) / Profit before exceptional items and tax (F) = (A-E)		**(492.30)**	**1,756.05**
Exceptional item (G)	45	-	(108.70)
(Loss) / Profit before share of loss of equity accounted investees and income tax (H) = (F+G)		**(492.30)**	**1,647.35**
Share of loss of equity accounted investees (I)		(68.37)	(34.30)
(Loss) / Profit before tax (J) = (H+I)		**(560.67)**	**1,613.05**
Tax expense:			
Current Tax	50		
Current year		3.46	425.38
Prior year		-	(15.00)
MAT credit entitlement		(2.72)	(36.57)
Deferred tax charge / (credit)		(418.47)	48.72
Total tax expense (K)		**(417.73)**	**422.53**
Net (Loss) / Profit for the year (L) = (J-K)		**(142.94)**	**1,190.52**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		(8.51)	(8.67)
Income tax effect		2.09	1.62
Items that will be reclassified subsequently to profit or loss			
Effective portion of gains or (losses) in cash flow hedge		83.50	(161.69)
Effective portion of gains/ (losses) of net investment hedge in a foreign operations		35.85	(131.22)
Exchange differences in translating the financial statements of a foreign operations		(121.39)	322.91
Income tax relating to above items		(11.71)	23.63
Other comprehensive income / (loss) for the year, net of tax (M)		**(20.17)**	**46.58**
Total comprehensive income for the year (N) = (L+M)		**(163.11)**	**1,237.10**
(Loss) / Profit attributable to:			
Owners of the Company		(143.04)	1,189.16
Non-controlling interests		0.10	1.36
Net (loss) / profit for the year		**(142.94)**	**1,190.52**
Other comprehensive income attributable to:			
Owners of the Company		(20.17)	46.60
Non-controlling interests		-	(0.02)
Other comprehensive income for the year		**(20.17)**	**46.58**
Total comprehensive income / (loss) attributable to:			
Owners of the Company		(163.21)	1,235.76
Non-controlling interests		0.10	1.34
Total comprehensive income for the year		**(163.11)**	**1,237.10**
Earnings / (loss) per share	44		
Basic (₹)		(0.70)	5.86
Diluted (₹)		(0.70)	5.86
Significant accounting policies	3		

The accompanying notes form an integral part of the consolidated 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 Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 31, 2021

Viren Prasad Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 31, 2021

Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

(a) Equity share capital

(₹ in Million except share data)

Particulars	No. of Shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
Balance as at April 1, 2019	20,43,60,804	2,043.61
Changes in equity share capital during 2019-20 (refer note 15 (a))	-	-
Balance as at March 31, 2020	**20,43,60,804**	**2,043.61**
Changes in equity share capital during 2020-21 (refer note 15 (a))	-	-
Balance as at March 31, 2021	**20,43,60,804**	**2,043.61**

(b) Other equity

(₹ in Million)

	Reserves and Surplus						Items of OCI					
Particulars	**Capital reserve**	**Securities premium reserve**	**Treasury shares**	**Share options outstanding (refer note 43)**	**General reserve**	**Retained earnings**	**Foreign currency translation reserve**	**Remeasurement of net defined benefit plans**	**Effective portion of cash flow hedge reserve**	**Total**	**Non-controlling interests**	**Total other equity**
Balance as at April 1, 2019	16.62	5,002.13	(15.57)	24.75	250.00	3,383.41	284.53	(14.00)	(164.10)	8,767.77	4.00	8,771.77
Profit for the year	-	-	-	-	-	1,189.16	-	-	-	1,189.16	1.36	1,190.52
Other comprehensive income, net of tax	-	-	-	-	-	-	322.91	(7.03)	(269.28)	46.60	(0.02)	46.58
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,189.16**	**322.91**	**(7.03)**	**(269.28)**	**1,235.76**	**1.34**	**1,237.10**
Transactions recorded directly in equity												
Exercise of share options	-	21.05	1.01	(21.05)	-	-	-	-	-	1.01	-	1.01
Share-based payment expense	-	-	-	30.27	-	-	-	-	-	30.27	-	30.27
Shares forfeited during the year	-	-	-	(0.15)	-	-	-	-	-	(0.15)	-	(0.15)
Impact on account of adoption of Ind AS 116 (net of tax)	-	-	-	-	-	(228.92)	-	-	-	(228.92)	-	(228.92)
Dividends (including dividend distribution tax)	-	-	-	-	-	(489.71)	-	-	-	(489.71)	-	(489.71)
Balance as at March 31, 2020	**16.62**	**5,023.18**	**(14.56)**	**33.82**	**250.00**	**3,853.94**	**607.44**	**(21.03)**	**(433.38)**	**9,316.03**	**5.34**	**9,321.37**

Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

(a) Equity share capital (Contd..)

(₹ in Million)

Particulars	Reserves and Surplus						Items of OCI			Total	Non-controlling interests	Total other equity
	Capital reserve	Securities premium reserve	Treasury shares	Share options outstanding (refer note 43)	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of net defined benefit plans	Effective portion of cash flow hedge reserve			
Loss for the period	-	-	-	-	-	(143.04)	-	-	-	(143.04)	0.10	(142.94)
Other comprehensive income, net of tax	-	-	-	-	-	-	(121.39)	(6.42)	107.64	(20.17)	-	(20.17)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(143.04)**	**(121.39)**	**(6.42)**	**107.64**	**(163.21)**	**0.10**	**(163.11)**
Transactions recorded directly in equity												
Exercise of share options	-	2.45	0.34	(2.45)	-	-	-	-	-	0.34	-	0.34
Share-based payment expense	-	-	-	6.01	-	-	-	-	-	6.01	-	6.01
Balance as at March 31, 2021	**16.62**	**5,025.63**	**(14.22)**	**37.38**	**250.00**	**3,710.90**	**486.05**	**(27.45)**	**(325.74)**	**9,159.17**	**5.44**	**9,164.61**

The accompanying notes form an integral part of the consolidated 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 Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 31, 2021

Viren Prasad Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 31, 2021

Consolidated Statement of Cash flows

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
(Loss)/ Profit after tax	(142.94)	1,190.52
Adjustments :		
Income tax expense	(417.73)	422.53
Depreciation and amortisation expense	1,835.30	1,857.96
Interest income	(95.32)	(21.43)
Interest income from financial asset at amortised cost	(35.42)	(24.29)
Provision for loss allowance	(46.42)	139.95
Bad receivables written off	32.33	7.50
Net loss from financial asset at amortized cost	13.09	0.52
Property usage right	16.41	16.41
Finance costs	759.80	852.73
Share based payment to employees (refer note 43)	6.01	30.03
Government grant income	(63.66)	(60.28)
Provision for impairment of investment	-	5.71
Loss on sale/disposal of Property, plant and equipment	50.60	60.80
Profit on sale of investment	-	(18.69)
Exceptional items (refer note 45)	-	108.70
Unrealised foreign exchange loss, net	11.14	(44.32)
Share of loss of equity accounted investees	68.37	34.30
Operating cash flow before working capital changes	**1,991.56**	**4,558.65**
Changes in trade receivables	(148.63)	(105.47)
Changes in inventories	124.02	229.50
Changes in loans, other financial assets and other assets	(30.31)	441.77
Changes in trade payables, other financial liabilities and other liabilities	602.02	(129.11)
Changes in provision	16.13	97.96
Cash generated from operations	**2,554.79**	**5,093.30**
Income taxes (paid) / refund received (net)	535.74	(659.85)
Net cash generated from operating activities (A)	**3,090.53**	**4,433.45**
Cash flow from investing activities		
Acquisition of Property, plant and equipment (including capital work-in-progress, Intangible assets and Intangible assets under development)	(701.01)	(1,158.86)
Proceeds from sale of property, plant and equipment	3.53	14.53
Purchase of Investments	-	(8.45)
Proceeds from sale of investments	-	5.42
Purchase of mutual fund	(419.98)	(7,455.00)
Proceeds from sale of mutual fund	-	6,779.97
Investment in bank deposit	(157.50)	(112.19)
Proceeds from bank deposits	64.12	39.68
Interest received	80.98	9.46
Net cash used in investing activities (B)	**(1,129.86)**	**(1,885.44)**

Consolidated Statement of Cash flows

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from financing activities		
Proceeds from long-term borrowings	115.54	429.83
Repayment of long-term borrowings	(1,184.06)	(1,510.32)
Dividend paid	-	(489.71)
Proceeds from exercise of share options	0.34	1.01
Interest and other borrowing costs	(433.88)	(508.73)
Payment of lease liabilities (refer note 31)	(482.25)	(391.53)
Net cash used in financing activities (C)	**(1,984.31)**	**(2,469.45)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(23.64)**	**78.56**
Cash and cash equivalents at the beginning of the year (refer note 14)*	**918.44**	**843.53**
Effects of exchange gain on restatement of foreign currency cash and cash equivalents	0.27	(3.65)
Cash and cash equivalents at the end of the year (refer note 14)	**895.07**	**918.44**
Significant accounting policies	3	

* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

The accompanying notes form an integral part of the consolidated 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 Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 31, 2021

Viren Prasad Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 31, 2021

Notes

to the consolidated financial statements for the year ended March 31, 2021

1. Group overview

Narayana Hrudayalaya Limited ('the Company' or 'the Holding company') together with its subsidiaries and associates (collectively referred to as 'Narayana Hrudayalaya Group' or 'the Group') is primarily engaged in business of rendering medical and healthcare services. Narayana Hrudayalaya Limited, the flagship company of the Group, was incorporated on July 19, 2000 under the Companies Act, 1956 with its registered office in Bengaluru. The Group was rebranded as 'Narayana Health' in 2013. It has a network of multispeciality, and super speciality hospitals spread across multiple locations. The Group owns and operates certain hospitals and enters into management agreements with hospitals under which the Group acquires the operating control of the hospitals.

2. Basis of preparation of the consolidated financial statements

2.1. Statement of compliance

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

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

2.2. Functional and presentation currency

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

2.3. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgements

In preparing these consolidated 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.

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

Judgements

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

- Note 30 – Assessment of contingent liabilities and commitments;
- Note 31 – leases and lease classification;
- Note 35 – consolidation: whether the Group has control over an investee;
- Note 50 – Provision for taxes;
- Note 52 – financial instruments and
- Note 43 – share based payments

Assumptions and estimation uncertainties

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

- Note 51 – recognition of deferred tax assets
- Note 32 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 30 – recognition and measurement of contingencies; key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 45 – recognition of impairment of financial assets and
- Note 4 - useful life of property, plant and equipment and intangible assets

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to the consolidated financial statements for the year ended March 31, 2021

2.5. Measurement of fair values

A number of the Group'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 Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is 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 Group recognizes 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 52 – financial instruments
- Note 43 – share-based payments

3. Significant accounting polices

3.1. Basis of consolidation

a. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

b. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognized in the statement of profit or loss.

d. Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and Other Comprehensive Income (OCI) of equity- accounted investees until the date on which significant influence ceases.

e. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2. Financial instruments

a. Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and

Notes

to the consolidated financial statements for the year ended March 31, 2021

financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

b. Classification and subsequent measurement

Financial assets

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

- amortised cost; or
- FVTPL

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

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

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Group's management.

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

– how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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 Group 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 Group considers:

– contingent events that would change the amount or timing of cash flows.

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to the consolidated financial statements for the year ended March 31, 2021

- terms that may adjust the contractual coupon rate, including variable interest rate features.
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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 classified as measured at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

Derivative financial instruments

Hedge accounting

The Group uses derivative financial instruments to manage risks associated with interest rate fluctuations relating to foreign currency loan taken by the group.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss.

Cash flow hedge:

The Group has designated derivative financial instruments taken for interest rate as 'cash flow' hedges relating to foreign currency loan taken by the group.

The use of derivative financial instruments is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group's risk management strategy.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in statement of profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in the statement of profit and loss.

Others:

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and the ineffective portion of cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

c. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the 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 group neither transfers nor retains substantially all of the risks

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to the consolidated financial statements for the year ended March 31, 2021

and rewards of ownership and does not retain control of the financial asset.

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

Financial liabilities

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

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

3.3. 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 value 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 goods and service tax wherever applicable, applying the first in first out method.

3.4. 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.

3.5. Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are acquired (treasury shares) are recognized at cost and deducted from equity. When the treasury shares are issued to the employees by EBT, the amount received is recognized as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

3.6. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit 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 Group are segregated. Bank overdrafts are classified as part of cash and cash equivalents, as they form an integral part of an entity's cash management.

3.7. Revenue recognition

Revenue from operations

The Group 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.

'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 excess of earnings.

Other healthcare services

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

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to the consolidated financial statements for the year ended March 31, 2021

Interest

Interest income is recorded using the effective interest rate (EIR) which 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.

Dividend

Dividend income is recognised when the Group's right to receive dividend is established.

3.8. 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 Group 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. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term. Freehold land is not depreciated. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Block of assets	Useful life
Building	40-60 years
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
Vehicles	5 years

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

The Group believes that the useful life as given above best represent the useful lives of the assets based on the internal technical assessment and these useful lives are as prescribed under Part C of Schedule II of the Companies Act, 2013 except for building at Grand Cayman and vehicles.

The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the consolidated 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.

3.9. Business combination, goodwill, and other intangible assets

Business combination

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs incurred in connection with a business combination are expensed as incurred.

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to the consolidated financial statements for the year ended March 31, 2021

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.

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	3 years
Third party contracts and Electronic medical records	5 years
Customer relationship	10 years

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.

Internally generated intangible assets

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortization

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.

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	10 years

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognizing a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognizes any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognizes it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognizes the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

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to the consolidated financial statements for the year ended March 31, 2021

3.10. Government grants

Grants from the Government are recognized when there is reasonable assurance that:

(i) the Group will comply with the conditions attached to them; and

(ii) the grant will be received.

Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income.

The grant set up as deferred income is recognized in profit or loss on a systematic basis over the useful life of the asset.

3.11. 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 a post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Group 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 Group's contributions are recognized as an expense in the consolidated statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

The Group's gratuity benefit scheme is a defined benefit plan. The Group'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 Group's obligation under the plan is performed periodically by an independent qualified actuary using the projected unit credit method.

The gratuity scheme is managed by a third-party administrator. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). The Group determines the net interest expense (income) on the net defined liability (assets) 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 (asset), taking into account any changes as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the consolidated 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 recognized immediately in the consolidated 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 Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Employee Stock Option Plan (ESOP)

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the

Notes

to the consolidated financial statements for the year ended March 31, 2021

related service is expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

3.12. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

3.13. Leases

The Company's lease asset classes primarily consist of leases for land & buildings and equipment. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense over the lease term.

3.14. Earnings per share

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

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

3.15. Income tax

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

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted by the reporting dates.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the assets and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial

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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.

Minimum Alternative tax

According to Section 115JAA of the Income tax Act, 1961, Minimum Alternative Tax (MAT') paid over and above the normal income tax in a subject year is eligible for carry forward for fifteen succeeding assessment years for set-off against normal income tax liability. The MAT credit asset is assessed against the entity's normal income tax during the specified period.

3.16. Foreign exchange transactions and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statement of Profit and loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

For the purposes of presenting the consolidated financial statements, assets, and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e., INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising if any are recognized in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the Consolidated Statement of Profit and Loss.

If the Group disposes off part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to OCI. When the Group disposes off only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.17. Impairment

a. Impairment of financial instruments

The Group recognizes loss allowances for expected credit losses on:

- financial assets measured at amortized cost;

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 Group on terms that the Group would not consider otherwise;

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- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, 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 Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative, qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at 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 Group determines that the trade receivables does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

b. Impairment of non-financial assets

The Group's non-financial assets, inventories, and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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).

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The Group's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

3.18. Segment Reporting

Operating results are regularly reviewed by the Chief Operating Decision Maker ('CODM') who makes decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.19. Non-current assets or disposal group held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification of assets held for sale and subsequent gain and losses on remeasurement are recognized in the consolidated statement of profit and loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3.20. Provisions and contingencies

Provisions are recognized when the Group 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 Group 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.

3.21. Share issue expenses

Share and debenture issue expenses are adjusted against the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the securities premium account.

3.22. Dividend and dividend distribution tax

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are linked more directly to past transactions or events that generated distributable profits than to distribution to owners and accordingly, recognized in profit or loss or other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

3.23. 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.

3.24 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:

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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 Group will evaluate the same to give effect to them as required by law.

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to the consolidated financial statements for the year ended March 31, 2021

4 (i) Property, plant and equipment and capital work-in-progress, Intangible assets and Intangible assets under development

(₹ in Million)

Particulars	Gross block					Accumulated depreciation / amortisation				Net block	
	As at April 1, 2020	Additions	Translation adjustments	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
(A) Tangible assets (owned)											
Freehold land (i) (ii) (iii)	748.43	-	(4.69)	-	743.74	-	-	-	-	743.74	748.43
Building (ii)	392.12	-	-	2.12	390.00	155.39	6.63	0.69	161.33	228.67	236.73
Building	2,963.50	-	(77.61)	-	2,885.89	128.42	61.47	-	189.89	2,696.00	2,835.08
Electrical installation	1,040.83	5.09	(3.06)	8.77	1,034.09	655.39	79.48	7.93	726.94	307.15	385.44
Medical equipment	8,455.43	442.88	(18.43)	95.80	8,784.08	3,534.08	643.24	39.48	4,137.84	4,646.24	4,921.35
Office equipment	342.45	12.29	(1.51)	29.83	323.40	205.99	37.58	29.57	214.00	109.40	136.46
Other equipment including air conditioners	2,081.80	76.68	(4.50)	20.34	2,133.64	820.10	138.38	9.44	949.04	1,184.60	1,261.70
Furniture and fixtures	1,105.21	17.41	(2.28)	29.16	1,091.18	643.54	87.11	23.22	707.43	383.75	461.67
Computers	415.82	31.06	(0.31)	4.27	442.30	324.10	63.01	3.60	383.51	58.79	91.72
Vehicles	43.46	3.32	(0.10)	2.46	44.22	29.95	4.94	2.36	32.53	11.69	13.51
Tangible assets (others):											
Leasehold improvements	266.34	21.63	-	7.38	280.59	122.23	21.58	7.26	136.55	144.04	144.11
Leasehold land for perpetuity (v)	1,721.92	-	-	-	1,721.92	1.35	-	-	1.35	1,720.57	1,720.57
Building (iv)	2,931.63	43.90	-	1.94	2,973.59	241.19	43.98	0.19	284.98	2,688.61	2,690.44
Building (iv)	835.65	-	-	3.83	831.82	268.11	42.10	0.57	309.64	522.18	567.54
Building (iv)	346.20	0.62	-	-	346.82	77.91	12.99	-	90.90	255.92	268.29
Building (iv)	1,016.68	0.13	-	-	1,016.81	254.70	25.42	-	280.12	736.69	761.98
Total tangible assets (A)	**24,707.47**	**655.01**	**(112.49)**	**205.90**	**25,044.09**	**7,462.45**	**1,267.91**	**124.31**	**8,606.05**	**16,438.04**	**17,245.02**
(B) Capital work- in progress	**117.84**	**270.80**	**(0.31)**	**205.70**	**182.63**	**-**	**-**	**-**	**-**	**182.63**	**117.84**
(C) Goodwill	**660.47**	**-**	**-**	**-**	**660.47**	**79.00**	**-**	**-**	**79.00**	**581.47**	**581.47**
(D) Intangible assets											
Computer software - Acquired	320.86	3.14	(0.12)	0.06	323.82	266.82	36.45	0.06	303.21	20.61	54.04
Computer software - Internally generated	234.19	22.00	-	-	256.19	11.65	23.86	-	35.51	220.68	222.54
Third party contracts	210.44	-	(2.90)	-	207.54	90.59	42.81	-	133.40	74.14	119.85
Electronic medical records	24.06	-	(0.31)	-	23.75	10.36	4.89	-	15.25	8.50	13.70
Customer relationship	463.70	-	-	-	463.70	156.08	43.95	-	200.03	263.67	307.62
Total intangible assets (D)	**1,253.25**	**25.14**	**(3.33)**	**0.06**	**1,275.00**	**535.50**	**151.96**	**0.06**	**687.40**	**587.60**	**717.75**
(E) Intangible assets under development	**-**	**38.50**	**-**	**22.00**	**16.50**	**-**	**-**	**-**	**-**	**16.50**	**-**
Grand total (A+B+C+D+E)	**26,739.03**	**989.45**	**(116.13)**	**433.66**	**27,178.69**	**8,076.95**	**1,419.87**	**124.37**	**9,372.45**	**17,806.24**	**18,662.08**

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4 (ii) Property, plant and equipment and capital work-in-progress, Intangible assets and Intangible assets under development

(₹ in Millions)

Particulars	Gross block					Accumulated depreciation / amortisation / Impairment					Net block	
	As at April 1, 2019	Additions	Translation adjustments	Deletions	As at March 31, 2020	As at April 1, 2019	Depreciation/ Amortisation	Deletions	Impairment Recognised (refer note 45)	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
(A) Tangible assets (owned)												
Freehold land (i) (ii) (iii)	515.87	218.12	14.44	-	748.43	-	-	-	-	-	748.43	515.87
Building (ii)	392.12	-	-	-	392.12	148.76	6.63	-	-	155.39	236.73	243.36
Building	2,720.93	0.53	242.04	-	2,963.50	69.56	58.86	-	-	128.42	2,835.08	2,651.37
Electrical installation	1,005.03	46.47	10.19	20.86	1,040.83	567.12	104.54	16.27	-	655.39	385.44	437.91
Medical equipment	7,994.38	557.76	58.65	155.36	8,455.43	2,957.45	615.29	47.00	8.34	3,534.08	4,921.35	5,036.93
Office equipment	321.58	18.10	4.65	1.88	342.45	166.40	40.95	1.75	0.39	205.99	136.46	155.18
Other equipment including air conditioners	1,917.56	162.97	14.53	13.26	2,081.80	687.71	135.06	6.53	3.86	820.10	1,261.70	1,229.85
Furniture and fixtures	1,071.51	62.90	7.20	36.40	1,105.21	568.78	99.00	24.32	0.08	643.54	461.67	502.73
Computers	361.73	65.61	0.41	11.93	415.82	266.51	69.44	11.85	-	324.10	91.72	95.22
Vehicles	43.08	7.18	0.37	7.17	43.46	29.55	5.88	5.55	0.07	29.95	13.51	13.53
Tangible assets (others):												
Leasehold improvements	245.29	34.73	-	13.68	266.34	110.55	17.07	5.39	-	122.23	144.11	134.74
Leasehold land for perpetuity (v)	1,721.92	-	-	-	1,721.92	1.35	-	-	-	1.35	1,720.57	1,720.57
Leasehold land - Others (vii)	-	-	-	-	-	-	-	-	-	-	-	176.95
Building (iv)	2,728.38	203.43	-	0.18	2,931.63	198.22	42.98	0.01	-	241.19	2,690.44	2,530.16
Building (iv)	835.65	4.34	-	4.34	835.65	217.80	50.99	0.68	-	268.11	567.54	617.85
Building (iv)	342.39	3.81	-	-	346.20	65.11	12.80	-	-	77.91	268.29	277.28
Building (iv)	1,013.77	2.91	-	-	1,016.68	229.30	25.40	-	-	254.70	761.98	784.47
Total tangible assets (A)	**23,231.19**	**1,388.86**	**352.48**	**265.06**	**24,707.47**	**6,284.17**	**1,284.89**	**119.35**	**12.74**	**7,462.45**	**17,245.02**	**17,123.97**
(B) Capital work- in- progress	**361.65**	**382.72**	**-**	**626.53**	**117.84**	**-**	**-**	**-**	**-**	**-**	**117.84**	**361.65**
(C) Goodwill	**660.47**	**-**	**-**	**-**	**660.47**	**-**	**-**	**-**	**79.00**	**79.00**	**581.47**	**660.47**
(D) Intangible assets												
Computer software - Acquired	288.55	32.00	0.46	0.15	320.86	228.81	38.16	0.15	-	266.82	54.04	59.74
Computer software - Internally generated	-	234.19	-	-	234.19	-	11.65	-	-	11.65	222.54	-
Third party contracts	199.28	-	11.16	-	210.44	49.59	41.00	-	-	90.59	119.85	149.69
Electronic medical records	22.78	-	1.28	-	24.06	5.67	4.69	-	-	10.36	13.70	17.11
Customer relationship	463.70	-	-	-	463.70	92.75	46.37	-	16.96	156.08	307.62	370.95
Total intangible assets (D)	**974.31**	**266.19**	**12.90**	**0.15**	**1,253.25**	**376.82**	**141.87**	**0.15**	**16.96**	**535.50**	**717.75**	**597.49**
(E) Intangible assets under development	**199.12**	**-**	**-**	**199.12**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**199.12**
Grand total (A+B+C+D+E)	**25,426.74**	**2,037.77**	**365.38**	**1,090.86**	**26,739.03**	**6,660.99**	**1,426.76**	**119.50**	**108.70**	**8,076.95**	**18,662.08**	**18,942.70**

4 (ii) Notes

(i) Includes land in possession and occupation of the Company to the extent of 9 acre 25 guntas out of total 17 acres 44 guntas in Bengaluru allotted by Karnataka Industrial Areas Development Board ('KIADB') to the Company on lease cum sale basis for which the Company is yet to execute the sale deed as at March 31, 2021.

(ii) pursuant to clause 7.7 of the Investment Agreement and Clause 3.1(d) of the Shareholders' Agreement (together, 'agreements') signed in January 2008 between the Company, Promoters and Investors, a Promoter of the Company had the right but not the obligation to require the Company to transfer the land and building ('NH land') at no consideration to him. On exercise of the right, the promoter was obligated to lease the asset to the Company for an initial term of 15 years with an extension of 10 years in accordance with the terms of the aforesaid agreements at no consideration. The said land and building was being amortized over a period of 25 years based on the Management's estimate of the lease term for the above arrangement.

As per the letter dated November 26, 2015 by the Promoter, the above right was waived off by him and accordingly he will not be entitled to exercise the right stated in Clause 3.1(d) of the said Shareholders' Agreement. The waiver was subject to the completion of the public offering within a period of one year from the date of receipt of the final observation letter from the Securities and Exchange Board of India on the Draft Red Herring Prospectus filed by the Company. The waiver was to be effective from the date of listing of the Company's shares on the stock exchanges. To this effect, the said Shareholders' Agreement was amended and duly executed by all Shareholders of the Company. On the Company's shares being listed on the Bombay Stock Exchange and the National Stock Exchange on January 6, 2016, the Promoter's right to NH Land ceases to exist thereof.

(iii) includes land in possession and occupation of the Company to the extent of 8088 Sq. Meters known as Plot No.257 B of Bommasandra III Phase Industrial Area situated in Sy. No's 237, 238 and 239 of Bommasandra Village, Attibele Hobli, Bangalore purchased from Kalpaka Transport Company Private Limited for which the Company executed the sale deed as at October 9, 2019.

(iv) Represents the cost of construction of building on the leasehold premises at Mysore, Kolkata, Ahmedabad, Jaipur and Jamshedpur.

(v) Leasehold land represents land allotted by various government authorities/ agencies in the states of Gujarat and Rajasthan. There are certain conditions including setting up of hospitals with certain capacity within certain timelines as specified in the terms of the allotment.

(vi) As at March 31, 2021, property, plant and equipments with a carrying amount of ₹ 5,996.82 million (previous year: ₹ 5,889.28 million) are subject to first charge to secure bank loans.

(vii) Leasehold Land has been reclassified to ROU asset with effect from April 1, 2019.

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5 Right of use assets

(₹ in Million)

Category of ROU asset	Gross block				Accumulated depreciation				Net block	
	As at April 1, 2020	Additions / Adjustments**	Deletions	As at March 31, 2021	As at April 1, 2020	Depreciation	Deletions/ Adjustment	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Land	232.82	-	-	232.82	24.56	4.18	3.93	24.81	208.01	208.26
Building	1,764.15	41.88	6.11	1,799.92	250.82	249.57	3.42	496.97	1,302.95	1,513.33
Equipment	756.97	-	-	756.97	151.80	153.73	-	305.53	451.44	605.17
Furniture	55.68	-	-	55.68	7.95	7.95	-	15.90	39.78	47.73
Grand total	**2,809.62**	**41.88**	**6.11**	**2,845.39**	**435.13**	**415.43**	**7.35**	**843.21**	**2,002.18**	**2,374.49**

Category of ROU asset	Gross block				Accumulated depreciation				Net block
	As at April 1, 2019*	Additions / Adjustments**	Deletions	As at March 31, 2020	As at April 1, 2019	Depreciation	Deletions	As at March 31, 2020	As at March 31, 2020
Land	220.19	12.63	-	232.82	3.93	20.63	-	24.56	208.26
Building	1,770.93	(6.78)	-	1,764.15	-	250.82	-	250.82	1,513.33
Equipment	416.83	340.14	-	756.97	-	151.80	-	151.80	605.17
Furniture	55.68	-	-	55.68	-	7.95	-	7.95	47.73
Grand total	**2,463.63**	**345.99**	**-**	**2,809.62**	**3.93**	**431.20**	**-**	**435.13**	**2,374.49**

*Reclassified on account of adoption of Ind AS 116.

**Adjustment of ₹ (8.72) million (previous year: ₹ (6.78) million) on account of Exchange rate difference

Refer note 31 for disclosures related to ROU assets and liabilities

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6 Investment in associates

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Unquoted equity instruments		
Others - Trade investment		
ISO Healthcare (Mauritius)	38.47	39.85
[1,287 equity shares (previous year: 1,287 equity shares) of $ 1 each fully paid up along with a share premium of $ 999 per share]		
Share of loss of equity accounted investees	(12.53)	(11.61)
	25.94	28.24
Cura Technology Inc	10.06	10.34
[3,90,00,000 equity shares (previous year: 3,90,00,000 equity shares) of $ 0.01 each fully paid up]		
Share of loss of equity accounted investees	(10.06)	(10.34)
	-	-
	25.94	**28.24**

7 Investments

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
Atria Wind Power Chitradurga Pvt Ltd	0.03	0.03
[100 (previous year : 100) equity shares of ₹ 100 each fully paid up with a premium of ₹ 151 per share on 100 equity shares]		
Unquoted debt instruments		
Investment in promissory note of Cura Technology Inc- amortised cost		
Cura Technology Inc	228.71	235.19
Less: Share of loss of equity accounted investees	(180.89)	(113.44)
Investment in promissory note (net)	47.82	121.75
Accrued interest on the promissory note	29.49	20.26
Total Investment	**77.34**	**142.04**

(₹ in Million)

Particulars	Qty	Market Rate	As at March 31, 2021	As at March 31, 2020
(b) Current				
Short term investment				
- In US Treasury Bills (Previous Year : 10,12,000)	10,12,000	-	-	76.49
- In US Treasury Bills (Previous Year : 1,78,000)	1,79,000	-	-	13.45
- In US Treasury Bills (Previous Year : 60,01,000)	16,00,000	1.00	118.00	453.60
- In US Govt Bonds (Previous Year : Nil)	50,000	1.00	3.68	-
- In Municipal Bonds (Previous Year : Nil)	2,25,000	1.04	17.21	-
- In Corporate Bonds (Previous Year : Nil)	1,08,00,000	1.02	811.64	-
In Mutual Funds				
- LORD ABBETT ULTRA SHORT BOND FUND (CLASS Z (USD)(acc)) (Previous Year : 1,91,110)	1,90,872	10.61	149.56	149.66
			1,100.09	**693.20**

*Out of the above mentioned total investment in US Treasury Bills ₹ 87.46 million (March 31, 2020: ₹ 89.94 million) is invested to maintain the DSRA deposit against Loan with FCIB Bank

Notes

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8 Loans

(Unsecured and considered good, unless otherwise stated)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
To parties other than related parties		
Security deposits	248.44	301.54
To related parties		
Security deposits	105.19	96.24
	353.63	**397.78**
(b) Current		
To parties other than related parties		
Security deposits	83.58	84.57
Less: Provision for doubtful advances	(47.29)	-
Security deposits (Net)	36.29	84.57
	36.29	**84.57**

9 Other financial assets

(Unsecured and considered good, unless otherwise stated)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
To parties other than related parties		
Bank deposits (due to mature after 12 months from the reporting date)	9.69	8.66
Interest accrued but not due on fixed deposits	0.96	0.39
	10.65	**9.05**
(b) Current		
To parties other than related parties		
Interest accrued on fixed deposits but not due	8.48	5.81
Interest accrued on security deposit	5.73	3.86
Unbilled revenue	286.50	208.82
Others	179.90	112.54
To related parties (refer note 34 (C))		
Due for reimbursement of expenses	1.33	1.02
	481.94	**332.05**

10 Income tax assets (net)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance income tax and tax deducted at source, net	431.19	962.83
Income-tax paid under protest	12.36	10.30
	443.55	**973.13**

Notes

to the consolidated financial statements for the year ended March 31, 2021

11 Other assets

(Unsecured and considered good, unless otherwise stated)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
To parties other than related parties		
Prepaid rent	41.88	61.87
Considered doubtful	19.24	19.24
Less: provision for prepaid rent	(19.24)	(19.24)
Net Prepaid rent	41.88	61.87
Capital advances	120.85	178.47
Security deposits	14.54	30.74
Prepaid expenses	64.45	48.44
Property usage right	52.97	98.30
To related parties (refer note 34 (C))		
Prepaid rent and expense	16.55	21.77
	311.24	**439.59**
(b) Current		
To parties other than related parties		
Prepaid rent	7.81	9.27
Considered doubtful	0.24	0.24
Less: provision for doubtful	(0.24)	(0.24)
Net Prepaid rent	7.81	9.27
Security deposits	50.99	28.61
Less: Provision for doubtful advances	(20.89)	(6.41)
Security deposits (Net)	30.10	22.20
Prepaid expenses	284.26	193.66
Advance to vendors	93.60	115.17
Property usage right	10.60	16.41
Balances with statutory/ government authorities	0.19	0.59
Other loans and advances	14.66	14.04
Others	0.66	3.41
To related parties (refer note 34 (C))		
Prepaid rent and expense	6.97	6.97
	448.85	**381.72**

12 Inventories

(Valued at lower of cost and net realisable value)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Medical consumables, drugs and surgical instruments	531.29	701.60
Goods in Transit	54.42	21.92
Less: Provision for write down to net realisable value	(107.32)	(121.11)
	478.39	**602.41**

Out of the above, inventory amounting to ₹ 386.23 million is hypothecated as security as part of working capital facility.

Notes

to the consolidated financial statements for the year ended March 31, 2021

13 Trade receivables

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good	2,785.19	2,622.47
Unsecured, considered doubtful	502.33	564.33
	3,287.52	3,186.80
Loss allowance		
Unsecured, considered doubtful	(502.33)	(564.33)
	(502.33)	**(564.33)**
Net trade receivables	**2,785.19**	**2622.47**
Of the above, trade receivables from related parties are as follows:		
Trade receivables (refer note 34 (C))	0.03	0.07
Expected credit loss allowance	-	-
Net trade receivable from related parties	**0.03**	**0.07**

The Group uses a provision matrix to determine the expected credit loss on the portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At each reporting period, 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.

India	Ageing		
Category	**Within due date**	**Due date to 1 year**	**More than 1 year**
ESI/CGHS/SCHEMES	2.54% - 3.81%	9.52%-19.68%	27.98%-67.61%
Others	0.47%-7.63%	7.11%-27.20%	28.52%-56.10%

(₹ in Million)

Rest of the world - Cayman Islands	Ageing			
Category	**Within due date**	**Due date to 1 year**	**Due date to 3 years**	**More than 3 years**
Government organisation	1.19%	7.65%	7.65%	7.65%
Others	3.38%	7.54%	23.80%	37.63%

The Company's exposure to credit risk, currency risks and loss allowances are disclosed in note 52

The trade receivables are hypothecated as security as part of working capital facility.

Notes

to the consolidated financial statements for the year ended March 31, 2021

14 Cash and bank balances

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Cash and cash equivalents		
Cash on hand	32.69	105.22
DDs/Cheques on hand	-	0.16
Balance with banks		
In current accounts	1,074.63	921.53
	1,107.32	**1,026.91**
(b) Bank balances other than above		
- In deposit accounts (due to mature within 12 months of the reporting date)*	213.20	120.85
	213.20	**120.85**

* The above deposits are restrictive as they pertain to bank guarantee.

For the purpose of the Statement of cash flow, cash and cash equivalents comprise the following:

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	32.69	105.22
DDs/Cheques on hand	-	0.16
Balance with banks		
In current accounts	1,074.63	921.53
	1,107.32	**1,026.91**
Less: Bank overdraft used for cash management purpose	(212.25)	(108.47)
Cash and cash equivalents in the statement of cash flow	**895.07**	**918.44**

15 (a) Equity share capital

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
30,90,00,000 equity shares (previous year: 30,90,00,000 equity shares) of ₹ 10 each	3,090.00	3,090.00
7,10,00,000 (previous year : 7,10,00,000) Preference shares of ₹ 10 each	710.00	710.00
Issued, subscribed and paid up		
20,43,60,804 equity shares (previous year: 20,43,60,804 equity shares) of ₹ 10 each, fully paid up	2,043.61	2,043.61
	2,043.61	**2,043.61**

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

(₹ in Million except no. of. Shares)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No of shares	Amount	No of shares	Amount
Shares outstanding at the beginning of the year	20,43,60,804	2,043.61	20,43,60,804	2,043.61
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**20,43,60,804**	**2,043.61**	**20,43,60,804**	**2,043.61**

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to the consolidated financial statements for the year ended March 31, 2021

15 (a) Equity share capital (Contd..)

(ii) Rights, preference and restriction attached to and preference shares:

The Company has 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.

The Company has authorized preference shares having a nominal value of ₹ 10 each. Preference shares are non-convertible, non-cumulative, non-participating and carry preferential right vis-à-vis equity shares of the Company with respect to payment of dividend and repayment in case of winding up or repayment of capital and shall carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.

(iii) Particulars of shareholders holding more than 5% equity shares:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No of shares	% Holding	No of shares	% Holding
Dr Devi Prasad Shetty	5,65,26,139	27.66%	5,65,26,139	27.66%
Mrs. Shakuntala Shetty	6,20,83,095	30.38%	6,20,83,095	30.38%
	11,86,09,234	**58.04%**	**11,86,09,234**	**58.04%**

15 (b) Other Equity

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Reserves and surplus		
Securities premium		
At the commencement of the year	5,023.18	5,002.13
Movement during the year	2.45	21.05
At the end of the year	**5,025.63**	**5,023.18**
Capital reserve	16.62	16.62
Treasury shares		
At the commencement of the year	(14.56)	(15.57)
Movement during the year	0.34	1.01
At the end of the year	**(14.22)**	**(14.56)**
General reserve	250.00	250.00
Share options outstanding		
At the commencement of the year	33.82	24.75
Add: Amounts recorded on grants during the year	6.01	30.27
Less: Shares forfeited during the year	-	(0.15)
Less: Exercised during the year	(2.45)	(21.05)
At the end of the year	**37.38**	**33.82**
Retained earnings		
At the commencement of the year	3,853.94	3,383.41
Add: Net (loss) / profit after tax transferred from statement of profit and loss	(142.94)	1,190.52
Add: Dividend received on Treasury Shares	-	3.02
Less: Share of non controlling interest	(0.10)	(1.36)
Less : Impact on account of adoption of Ind AS 116 (net of tax)	-	(228.92)
Less: Dividends (including dividend distribution tax)	-	(492.73)
At the end of the year	**3,710.90**	**3,853.94**

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to the consolidated financial statements for the year ended March 31, 2021

15 (b) Other Equity (Contd..)

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(ii) Other Comprehensive Income		
Effective portion of cash flow hedge reserve		
At the commencement of the year	(433.38)	(164.10)
Movement during the year	107.64	(269.28)
At the end of the year	**(325.74)**	**(433.38)**
Foreign currency translation reserve		
At the commencement of the year	607.44	284.53
Movement during the year	(121.39)	322.91
At the end of the year	**486.05**	**607.44**
Re-measurement of defined benefit plans		
At the commencement of the year	(21.03)	(14.00)
Movement during the year	(6.42)	(7.05)
Less: Share of non controlling interest	-	0.02
At the end of the year	**(27.45)**	**(21.03)**
	9,159.17	**9,316.03**

Capital reserve

Capital reserve was created at the time of acquisition of hospital in Barasat and acquisition of the subsidiary Health City Cayman Islands Ltd .

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from other equity.

Share options outstanding

The Group has established a share based payment for eligible employees of the Company, its subsidiaries or an associate. Also refer note 43 for further details on these plans.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriate purposes.

Foreign currency translation reserve

The foreign currency translation reserve has arisen on account of translation of financial statements / information of foreign subsidiaries and associates in accordance with Ind AS- 21 The Effects of changes in Foreign Exchange Rates.

Cash flow hedge reserve

The Group has entered into a interest rate swap agreement, This cash flow hedge reserve reflects the fluctuations of the fair value of such swap.

Proposed Dividend

On the recommendation of The Board of Directors and approved by Shareholders, final dividend of 10 % (₹ 1/- per equity share of par value ₹ 10 each) for the financial year ended March 31, 2019 and interim dividend which was confirmed and approved as final dividend by Shareholders of 10 % (₹ 1/- per equity share of par value ₹ 10 each) for the financial year ended March 31, 2020 was paid.

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16 Non controlling interests

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	5.34	4.00
Share of profit for the year	0.10	1.34
Balance at the end of the year	**5.44**	**5.34**

17 Borrowings

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
(i) Secured		
Term loans		
From banks (refer note I)	5,924.23	6,989.30
(ii) Unsecured		
From Others (refer note II)	41.44	80.74
Less: Current maturity of long term debt [refer note 19 (b)]	(924.56)	(884.76)
	5,041.11	**6,185.28**
(b) Current		
Secured		
Bank overdrafts (refer note III)	212.25	108.47
	212.25	**108.47**

I Term loans from banks :

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Term loan from HSBC Bank : ₹ 189.00 million (previous year : ₹ 243.00 million). It is repayable in 14 (previous year 18 quarterly instalments) quarterly instalments from reporting date after moratorium period of 18 months from date of 1st disbursement. Date of 1st disbursement is March 12, 2018. Interest is charged at 7.30% p.a. (previous year: 8.25% p.a)	Movable Fixed Assets acquired out of the loan and equitable over land and building of the Jaipur hospital.
(ii)	Term loan from HSBC Bank : ₹ 304.00 million (previous year : ₹ 380.00 million). It is repayable in 16 (previous year 20 quarterly instalments) quarterly instalments from June 2020. Interest is charged at 7.00% p.a. (previous year: 7.95%)	
(iii)	Term loan from Standard Chartered Bank: ₹ 75.00 million (previous year : Nil) payable in 12 (previous year Nil) monthly equal instalments starting from January 14, 2022). Interest is charged at 4.81% p.a. (previous year: Nil)	The loan is Unsecured

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to the consolidated financial statements for the year ended March 31, 2021

17 Borrowings (Contd..)

I Term loans from banks : (Contd..)

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(iv)	Foreign currency loan taken from EXIM Bank : ₹ 1,181.33 million ($ 16.07 million) (previous year: ₹ 1,480.80 million ($ 19.64 million)). Repayable in 18 quarterly instalments from the reporting date (previous year: 22 quarterly instalments from December 31, 2018). Interest is linked to the Libor (6 month) + 175 base points. (previous year: Libor (6 month) + 175 base points).	Exclusive charge on the Company's immovable properties being land, buildings and structures attached or permanently fastened thereon at the location having S.No: 2/4,2/5,2/7,2/8,3, 23/1C,23/1D,26,27,28,29 with an aggregate extent of 7 Acres 1.85 Guntas situate at Kittiganahalli village, Attibele hobli, Anekal Taluk, Bangalore, Karnataka.
(v)	*Term loan from SBI: ₹ 475.66 million (previous year: ₹ 529.34 million). Repayable in 72 monthly instalments from the reporting date (previous year 84 monthly instalments from March 31, 2019) Interest is charged at 7.15% p.a.(previous year: 7.95% p.a.)	
(vi)	*Term loan from SBI: ₹ 336.88 million (previous year: ₹ 350.00 million). Repayable in 84 monthly instalments from October 31, 2020 (previous year : 96 monthly instalments). Interest is charged at 7.15% p.a. (previous year: 7.95% p.a.)	Movable Fixed Assets acquired out of the loan and exclusively charge on land and building located in Plot # 3201, Phase III, DLF city, Gurgaon, Haryana.
(vii)	*Term loan from SBI: ₹ 1,156.03 million (previous year: ₹ 1,193.88 million). Repayable in 25 quarterly instalments (previous year 29 quarterly instalments) from the reporting date after 2 years Moratorium from date October 2017. Interest is charged at 7.15% p.a.(previous year: 7.95% p.a).	
(viii)	Term loan from Yes Bank : ₹ 25.29 million (previous year: ₹ 25.47 million) repayable in 29 quarterly instalments from May 2018. Interest is charged @ 8.50% pa (previous year : 9.80%)	Exclusive charge on Movable Fixed assets (present and future) and current assets of the borrower (present and future) excluding those charged to any other lender/vendor and those charged to Yes Bank LC facilities, corporate guarantee and security from Narayana Hrudayalaya Limited.
(ix)	Term loan from Yes Bank : ₹ 22.92 million (previous year: ₹ 23.09 million) repayable in 29 quarterly instalments from May 2018. Interest is charged @ 8.50% pa (previous year : 9.80%)	
(x)	Term loan from Yes Bank : ₹ 8.95 million (previous year: ₹ 9.02 million) repayable in 29 quarterly instalments from November 2018. Interest is charged @ 8.50% pa (previous year : 9.80%)	
(xi)	Term loan from Yes Bank : ₹ 6.75 million (previous year: ₹ 6.80 million) repayable in 29 quarterly instalments from March 2019. Interest is charged @ 8.50% pa (previous year : 9.80%)	
(xii)	Term loan from Yes Bank : ₹ 5.42 million (previous year: ₹ 5.47 million) repayable in 29 quarterly instalments from May 2018. Interest is charged @ 8.50% pa (previous year : 9.80%)	

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to the consolidated financial statements for the year ended March 31, 2021

17 Borrowings (Contd..)

I Term loans from banks : (Contd..)

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(xiii)	Term Loan from HSBC : ₹ 170.00 million (previous year : ₹ 255.00 million) repayable in 10 quarterly instalments from reporting date. Interest is charged @ 7.00% p.a (previous year 8.90%)	Secured via mortgage of title deeds on the immovable property of Narayana Hospitals Private Limited.
(xiv)	Term loan from State Bank Of India: Nil (previous year: ₹ 29.97 million). It is repayable in nil quarterly instalments from the reporting date, (previous year: 2 quarterly instalments). Interest is charged @ 7.15 % p.a. (previous year : 8.70% p.a.)	Term loan from State Bank Of India, SME Branch, Howrah are secured by equitable mortgage of 3.0832 acre of leasehold land (Lease valid till 2036) in the name of company and 5 storey building comprising of old hospital at JL No-38 Mouza Podra, PS Sankrail ranihati, Howrah (on pari-passu basis) Co operative Society Ltd, Title deed no 396 of Old hospital purchased by the company & by hypothecation of all movable assets including medical equipments, furniture & other miscellaneous fixed assets of the Company including a first charge on inventories and trade receivables of the company ; and corporate guarantee of Narayana Hrudayalaya Limited.
(xv)	Term loan from State Bank Of India: Nil (previous year: ₹ 6.76 million). It is repayable in nil quarterly instalments from the reporting date, (previous year: 2 quarterly instalments). Interest is charged 7.15 % p.a. (previous year: 8.70% p.a.)	
(xvi)	Term loan from State Bank Of India: ₹ 154.68 million (previous year: ₹ 186.50 million). It is repayable in 15 quarterly instalments from the reporting date (previous year: 19 quarterly instalments). Interest is charged @ 7.15% p.a. (previous year: 8.70% p.a.)	
(xvii)	Term loan from State Bank Of India: ₹ 46.93 million (previous year: ₹ 58.90 million) It is repayable in 14 quarterly instalments from the reporting date (previous year: 18 quarterly instalments). Interest is charged @ 7.15% p.a. (previous year: 8.70% p.a.)	
(xviii)	Term loan from State Bank Of India: ₹ 61.64 million (previous year: ₹ 73.66 million) It is repayable in 19 quarterly instalments from the reporting date (previous year: 23 quarterly instalments). Interest is charged @ 7.15% p.a. (previous year: 8.70% p.a.)	
(xix)	Term loan from FCIB: ₹ 1687.28 million (previous year : ₹ 2131.64 million) It is repayable in quarterly instalments from August 2018 (previous year : repayable in quarterly instalments from August 2018). Interest is linked to the Libor (3 month) + 175 base points. (previous year: Libor 3 month + 175 base points).	
(xx)	Term loan from Axis Bank Ltd: ₹ 16.47 million (previous year : Nil) payable in 20 (previous year: Nil) quarterly instalments starting from May 16, 2022). Interest is charged at 7% p.a. (previous year: Nil p.a.)	Exclusive security on Robotic equipment purchased out of Term loan / CAPEX LC. Additional movable fixed assets of the borrower such that total security cover is 1.25 times and corporate guarantee of Narayana Hrudayalaya Limited.

* Promotors % of holding should not be reduced below 51% during the tenure of loan.

II Term loans from Others :

(i) Interest free term loan from Cisco Systems Capital (India) Private Limited has been obtained during the financial year 2018-19. Based on the applicable effective interest rate, the present value of loan as at March 31, 2020 amounting to ₹ 5.34 million (previous year: ₹ 44.64 million) has been recognised in the books of accounts. It is repayable in 5 quarterly instalments from the reporting date. The Loan is unsecured.

Term loan from CDC group PLC : ₹ 36.10 million (previous year : ₹ 36.10 million) carry a interest of 6.5%. Repayable in one instalment after 5 years from the utilisation date i.e. February 26, 2019. The Loan is unsecured.

Notes

to the consolidated financial statements for the year ended March 31, 2021

17 Borrowings (Contd..)

III Overdraft and Cash Credit facilities:

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Overdraft facility from Yes Bank Limited ₹ 90.41 million (previous year: ₹ 108.47 million) carry interest rate of 0.30% above the 3 months MCLR (previous year :0.30% above the base rate), to be paid on monthly basis.	It is secured by current assets (both present and future), subservient charge on movable fixed assets and corporate guarantee of Narayana Hrudayalaya Limited.
(ii)	Overdraft from HSBC : ₹ 121.84 Million (previous year: Nil) repayable On Demand.	It is secured by charge on specific movable fixed assets.

18 Lease liabilities

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
Opening Lease liability	2,343.55	2,258.21
Additions during the period	44.87	290.87
Finance cost accrued during the period	172.34	186.00
Lease payment	(482.25)	(391.53)
Closing Lease liability	2,078.51	2,343.55
Less: Current lease liability	(384.93)	(333.26)
	1,693.58	**2,010.29**
(b) Current		
Lease liability	384.93	333.26
	384.93	**333.26**

19 Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
Payable towards share purchased for Employee Stock Option Plan (ESOP) Trust	14.44	14.69
Creditors for capital goods	20.05	37.76
Liability towards business acquisition	831.16	911.42
Liability towards assets replacement cost	79.27	73.44
Derivatives designated and effective as hedging instruments carried at fair value		
Interest rate swap	165.08	247.78
	1,110.00	**1,285.09**
(b) Current		
To parties other than related parties		
Current maturities of long-term borrowings with banks *	924.56	884.76
Liability towards business acquisition	80.26	60.62
Interest accrued but not due on borrowings	0.97	1.71
Deposits received	1.23	1.27
Creditors for capital goods	179.74	186.28
Other financial liabilities	15.68	44.36
	1,202.44	**1,179.00**

*The Group's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note no 52

Notes

to the consolidated financial statements for the year ended March 31, 2021

20 Provisions

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-current		
Provision for employee benefits (refer note 32)		
Gratuity	246.53	198.70
	246.53	**198.70**
(b) Current		
Provision for employee benefits (refer note 32)		
Gratuity	70.71	91.52
Compensated absences	233.94	238.41
	304.65	**329.93**

21 Other liabilities

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Non-Current		
To parties other than related parties		
Unearned revenue	14.00	15.25
Deferred liability for assets funding	2.83	3.17
Others	2.51	2.51
Deferred government liability for EPCG Licence**	60.00	88.42
Deferred government grant*	1,158.73	1,193.96
	1,238.07	**1,303.31**
(b) Current		
To parties other than related parties		
Deferred liability for assets funding	0.38	0.74
Contract liabilities	329.46	154.05
Unearned revenue	185.33	15.39
Deferred government grant*	35.23	35.23
Deferred government liability for EPCG Licence **	28.42	28.42
Advance Received	8.33	4.66
Balances due to statutory/ government authorities	153.65	148.10
Other liabilities	12.87	4.27
To related parties		
Other payables	71.36	61.60
	825.03	**452.46**

Notes

to the consolidated financial statements for the year ended March 31, 2021

21 Other liabilities (Contd..)

Summary of the government grant received by the Group

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	1,346.04	1,356.12
Add: Grants during the year	-	50.20
Less: Released to profit and loss	(63.66)	(60.28)
Closing Balance	1,282.38	1,346.04
Non Current	1,218.73	1,282.38
Current	63.65	63.65

*During the financial year 2013-14, the Company had received capital grant from the Assam Government amounting to ₹ 220.00 million for purchase of fixed assets for operating the hospital in Assam. The Company has recognized this grant as deferred income at fair value which is being amortised over the useful life of the fixed assets in proportion in which the related depreciation is recognized.

The Group had been allotted land at concessional rate from Government of Rajasthan and Gujarat in the financial year 2007-08 and 2008-09 respectively for setting up hospitals. The Group has recognized all the grants as deferred income at fair value. The deferred income pertaining to land is being amortised over the life of the building whereas for the fixed assets is being amortised over the useful life of the fixed assets in proportion to which the related depreciation is recognized.

**The Company had received capital grant in the form of EPCG license from Government of India amounting to Nil (previous year : ₹ 50.20 million) for import of capital goods subject to fulfilment of export obligation in next 6 years. The Company has recognized this grant as deferred government grant for EPCG licence at fair value. The company will recognize deferred grant income in the statement of profit and loss as per its accounting policy.

22 Trade payables

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (refer note 38)	44.60	66.13
Total outstanding dues of creditors other than micro enterprises and small enterprises*	4,058.47	3,549.95
	4,103.07	**3,616.08**

*includes payables to related parties (refer note 34)

The Group's exposure to currency and liquidity risks related to trade payable is disclosed in note 52

23 Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from medical and healthcare services	24,418.36	29,623.50
Sale of medical consumables and drugs	1,207.50	1,436.79
Other operating revenue:		
Other healthcare services	28.09	40.46
Teleradiology income	24.75	25.03
Revenue from nursing school	13.79	13.86
Income from patients amenities	28.45	61.72
Income from arrangement with trust (refer note 47 (b))	102.52	76.73
	25,823.46	**31,278.09**

Notes

to the consolidated financial statements for the year ended March 31, 2021

23 Revenue from operations (Contd..)

Refer notes below

(₹ in Million)

(i) Category of Customer	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash	13,295.61	18,946.24
Credit	12,527.85	12,331.85
	25,823.46	**31,278.09**

(₹ in Million)

(ii) Nature of treatment	For the year ended March 31, 2021	For the year ended March 31, 2020
In-patient	18,968.31	22,578.38
Out-patient	5,450.05	7,045.12
Sale of medical consumables and drugs	1,207.50	1,436.79
Others	197.60	217.80
	25,823.46	**31,278.09**

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

(iv) Transaction price allocated to the remaining performance obligations

(₹ in Million)

Category of Customer	For the year ended March 31, 2021	For the year ended March 31, 2020
Contract liabilities	329.46	154.05
	329.46	**154.05**

24 Other income

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income on		
- Bank deposits	10.48	7.56
- Unsecured loan	-	10.04
- Others	84.84	3.83
Interest income from financial asset at amortised cost	35.42	24.29
Export incentive	8.87	26.37
Government grant	63.66	60.28
Profit on sale of Property, plant and equipment	0.34	-
Profit on sale of investment	-	18.69
Foreign exchange gain, (net)	3.91	-
Miscellaneous income	74.24	86.58
	281.76	**237.64**

Notes

to the consolidated financial statements for the year ended March 31, 2021

25 Changes in inventories of medical consumables, drugs and surgical instruments (increase)/ decrease

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	602.41	831.91
Inventory at the end of the year	478.39	602.41
	124.02	**229.50**

26 Employee benefit expenses

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	5,826.15	6,202.77
Contribution to provident and other funds (refer note 32)	316.72	397.39
Share based payment to employees (refer note 43)	6.01	30.03
Staff welfare expenses	123.04	106.78
	6,271.92	**6,736.97**

During the financial year 2020-21, project salary cost amounting to ₹ 38.50 million (previous year : ₹ 43.70 million) has been capitalised through intangible assets under development.

27 Other expenses

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Hospital operating expenses		
Power and fuel	735.23	811.90
Hospital general expenses	297.41	375.12
House keeping expenses	748.83	779.26
Patient welfare expenses	340.71	415.27
Rent	234.88	449.91
Medical gas charges	107.46	94.85
Biomedical wastage expenses	28.03	17.86
Repairs and maintenance		
- Hospital equipments	580.53	461.88
- Buildings	143.64	133.84
- Others	512.56	495.41
Total (A)	**3,729.28**	**4,035.30**
Administrative expenses		
Travel and conveyance	99.29	202.30
Security charges	214.17	227.47
Printing and stationery	122.84	163.00
Rent	197.43	82.79
Advertisement and publicity	420.78	614.59
Legal and professional fees	244.31	221.50
Payment to auditors (refer note (i) below)	9.58	11.10
Business promotion	237.88	342.12
Telephone and communication	99.44	88.99
Bank charges	63.68	85.67
Insurance	132.23	147.28
Corporate social responsibility (refer note (ii) below)	23.91	24.50

Notes

to the consolidated financial statements for the year ended March 31, 2021

27 Other expenses (Contd..)

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rates and taxes	81.53	95.24
Books and periodicals	19.00	29.25
Provision for loss allowance and doubtful advances	10.47	154.42
Bad receivables written off	32.33	7.50
Donations paid	1.75	1.00
Provision for impairment of investment	-	5.71
Loss on sale/disposal of Property, plant and equipment	50.60	60.80
Foreign exchange loss / (gain) (net)	3.46	(45.82)
Net loss from financial asset at amortized cost	13.09	0.52
Miscellaneous expenses	16.60	13.86
Total (B)	**2,094.37**	**2,533.79**
Total (A+B)	**5,823.65**	**6,569.09**

(i) Payment to auditors*

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As an auditor		
(i) Audit fee	7.34	7.30
(ii) Limited review	1.20	1.20
(iii) Other attest services	0.90	0.76
(iv) Reimbursement of expenses	0.14	1.84
Total	**9.58**	**11.10**

*excluding GST

(ii) Corporate social responsibility

Consequent to the requirements of Section 135 of the Companies Act 2013, the Company has made contributions as stated below. The same is in line with activities specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Group during the year is ₹ 23.57 million (previous year: ₹ 23.74 million)

b) Amount spent during the year ended March 31, 2021 on corporate social responsibility activities:

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than above	23.91	24.50
	23.91	**24.50**

Notes

to the consolidated financial statements for the year ended March 31, 2021

28 Finance costs

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense		
- term loans from banks	408.88	486.03
- bank overdraft	12.16	9.68
- others	12.84	13.11
Interest expense on lease liabilities	172.34	186.00
Interest expense on business acquisition	147.75	154.40
Unwinding of asset replacement cost	5.83	3.51
	759.80	**852.73**

29 Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment (refer note 4)	1,267.91	1,284.89
Depreciation of Right of use Assets (refer note 5)	415.43	431.20
Amortisation of intangible assets (refer note 4)	151.96	141.87
	1,835.30	**1,857.96**

30 Contingent liabilities and commitments

(i) Contingent liabilities:

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Claims against the Group not acknowledged as debts in respect of:		
a) Customs Duty (refer note A below)	1.74	1.74
b) Entry tax (refer note B below)	10.00	10.00
c) Income tax (refer note C below)	64.31	64.31
Guarantees:		
a) Bank guarantee	-	25.00

Notes:

A. For financial year 2012-13, the Company has received a notice proposing levy of customs duty on import of 'Surgical Microscopes' along with accessories classifying it under CTH 9018 9000 of Customs Tariff Act 1975.Against the demand of ₹ 1.74 million , the Company has deposited ₹ 1.33 million with the department and filed an appeal before the Commissioner of Customs (Appeals).

B. For financial year 2010-11, 2011-12, 2012-13, 2013-14 the Company has received a notice proposing levy of entry tax from Commercial Tax Officer under Entry of Goods into Local Area Act 1999 on account of goods brought in local areas from outside the state of Rajasthan without payment of Entry tax as per the provisions. Based on the Company's submission, the department has issued an order with a demand of ₹ 10 million along with interest. Against this demand, the Company has deposited ₹ 1.55 million with the department and filed an appeal before the Office of Appellate Authority -II, Commercial Tax .

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to the consolidated financial statements for the year ended March 31, 2021

30 Contingent liabilities and commitments

(i) Contingent liabilities:

C. Income Tax

a) For assessment year 2009-2010 the Company had received an assessment order under section 143(3) of the Income Tax Act, 1961 on December 28, 2011 with a demand of ₹ 12.17 million. Against this demand, the Company had paid ₹ 10.00 million under protest and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)). CIT(A) had issued an order in favour of the Company. The department then filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the order of CIT(A). On January 23, 2015, ITAT had issued an order in favour of the Company. Subsequently, the department had filed an appeal with High Court of Karnataka challenging the order of ITAT which was pending as at March 31, 2019 because of which the Company had a contingent tax liability of ₹ 7.47 million as of such date. On August 29, 2019, High Court of Karnataka has passed an order stating that the appeal filed by the department is not maintainable due to non-fulfilment of revised monetary limit. In view of the same, the High Court has permitted department to withdraw the appeal filed earlier.

b) For assessment year 2012-13 the Company had received an assessment order under section 143 (3) of the Income Tax Act, 1961 on March 31, 2015. The company may have an additional liability of ₹ 12.59 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)).

c) For assessment year 2013-14 the Company had received an assessment order under section 143 (3) of the Income Tax Act, 1961 on March 25, 2016. The company may have an additional liability of ₹ 6.69 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)).

d) For assessment year 2016-17 the company had received a notice 142(1) of the Income tax act, 1961 on March 28, 2018 asking company to submit certain documents on April 6, 2018. Company has replied on April 6, 2018, July 24, 2018, August 29, 2018, December 7, 2018. The department has issued a assessment order u/s 143(3) on December 29, 2018 demanding a sum of ₹ 1.06 million. Against this demand, the Company had paid ₹ 0.3 million under protest on February 11, 2019 and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)).

e) For assessment year 2017-18 the Company has received an assessment order under section 143 (3) of the Income Tax Act, 1961 on December 27, 2019. The company may have an additional liability of ₹ 20.93 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)), which is pending as at March 31, 2021.

f) For AY 2018-19 and 2019-20, the Company has recognised additional contingent liability to the extent of ₹ 19.39 million and ₹ 4.71 million respectively duly taking into consideration the requirements under Appendix C to Ind AS 12, including the Management's assessment of the probability of acceptance of the Company's tax positions by the taxation / appellate authorities.

D. Based on the advise of its legal counsel, the Company believes that other disputes, lawsuits and claims, including commercial matters, which arise from time to time in the ordinary course of business and are outstanding as at March 31, 2021 will not have any material adverse effect on its financial statements for the year ended March 31, 2021.

(ii) Commitments:

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and other commitments not provided for, amounts to ₹ 150.64 million (previous year: ₹ 187.91 million).

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to the consolidated financial statements for the year ended March 31, 2021

31 Leases

The Group has adopted Ind AS 116 'Leases', effective annual reporting period beginning April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Group has applied the standard to its leases, using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (April 1, 2019). Comparative information has not been restated.

Accordingly, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application.

The following is a summary of practical expedients elected by the Group on initial application:

Applied a single discount rate to a portfolio of leases with reasonably similar characteristics in similar economic environment.

Treated leases with remaining lease term of less than 12 months as if they were "short term leases"

Applied the exemption not to recognize right-of-use assets and liabilities for leases of low value assets

Application of hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

(i) The following is the break-up of current and non-current lease liabilities as at March 31, 2021 and March 31, 2020

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	384.93	333.26
Non-current lease liabilities	1,693.58	2,010.29
	2,078.51	**2,343.55**

(ii) The following is the movement in the lease liabilities during the year ended March 31, 2021 and March 31, 2020

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening lease liability	2,343.55	2,258.21
Additions	44.87	290.87
Finance cost accrued during the year	172.34	186.00
Deletions	-	-
Payment of lease liabilities	(482.25)	(391.53)
	2,078.51	**2,343.55**

(iii) The table below provides details regarding the contractual maturities of rental payments as of March 31, 2021

(₹ in Million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Contractual rental payments	509.20	536.34	731.33	1,360.20	3,137.07
	509.20	**536.34**	**731.33**	**1,360.20**	**3,137.07**

The table below provides details regarding the contractual maturities of rental payments as of March 31, 2020

(₹ in Million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Contractual rental payments	484.22	543.68	1,018.67	1,503.40	3,549.97
	484.22	**543.68**	**1,018.67**	**1,503.40**	**3,549.97**

Rental expense recorded for short-term leases for the year ended March 31, 2021 was ₹ 432.31 Million (previous year: ₹ 532.70 Million).

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to the consolidated financial statements for the year ended March 31, 2021

32 Employee benefits

A. Defined contribution 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 for the year aggregated to ₹ 255.17 million (previous year: ₹ 338.14 million)

B. Defined benefit plan

The Group 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. During the previous year, scheme was partly funded through the gratuity fund administered by a trust formed for this purpose and managed by Kotak Life Insurance and Life Insurance Corporation of India directly. The Group'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 Group recognizes actuarial gains and losses immediately in the consolidated statement of profit and loss.

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 Group's consolidated financial statements as at balance sheet date:

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Defined benefit obligations liability	369.56	322.11
Plan assets	52.32	31.89
Net defined benefit liability	**317.24**	**290.22**
Liability for compensated absences	233.94	238.41
Total employee benefit liability	**551.18**	**528.63**
Non-current	246.53	198.70
Current	304.65	329.93

C. Reconciliation of net defined benefit (assets) / liability

i) Reconciliation of present values of defined benefit obligation

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

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Defined benefit obligation as at April 1	322.11	274.20
Benefits paid		
- by the Fund	(21.32)	(21.85)
- by the Group	(2.90)	(1.53)
Current service cost	48.02	46.87
Interest cost	14.23	14.79
Actuarial (gains) / losses recognised in other comprehensive income		
- changes in demographic assumptions	5.53	(0.64)
- changes in financial assumptions	29.86	3.49
- experience adjustments	(25.97)	6.78
Defined benefit obligations as at March 31	**369.56**	**322.11**

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to the consolidated financial statements for the year ended March 31, 2021

32 Employee benefits (Contd..)

C. Reconciliation of net defined benefit (assets) / liability (Contd..)

ii) Reconciliation of the present values of plan assets

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Plan assets at beginning of the year	31.89	45.20
Adjustments	1.01	(6.03)
Contributions paid into the plan	39.13	11.81
Interest income	0.70	1.80
Benefits paid	(21.32)	(21.85)
Return on plan assets recognised in other comprehensive income	0.91	0.96
Plan assets at the end of the year	**52.32**	**31.89**
Net defined benefit liability	**317.24**	**290.22**

D. i) Expense recognised in consolidated statement of profit and loss

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	48.02	46.87
Interest cost	14.23	14.79
Interest income	(0.70)	(1.80)
	61.55	**59.86**

ii) Remeasurements recognised in other comprehensive income

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Actuarial (gain) loss on defined benefit obligation	9.42	9.63
Return on plan assets excluding interest income	(0.91)	(0.96)
	8.51	**8.67**

E. Plan Assets

Plan assets comprises of the following:

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Government securities & debt instruments	52.32	31.89
	52.32	**31.89**

The nature of assets allocation of plan assets is in government securities and debt instruments of high credit rating.

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to the consolidated financial statements for the year ended March 31, 2021

32 Employee benefits (Contd..)

F. Defined Benefit obligation

i) Actuarial assumptions

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

Particulars	As at March 31, 2021	As at March 31, 2020
Attrition rate	20.00%-44.00%	16.00%-61.00%
Discount rate	3.86%-5.34%	3.5%-5.35%
Expected return on plan assets	6.8%	6.7%
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.

As of March 31, 2021, the plan assets have been invested in insurer managed funds and the expected contributions to the fund during the year ending March 31, 2022, will be approximately ₹ 104.67 million (previous year: ₹ 103.70 million).

Maturity profile of defined benefit obligation

The following payments are expected contributions to the defined benefit plan in future years:

(₹ in Million)

Particulars	Amount
1st following year	107.69
2nd following year	77.82
3rd following year	59.36
4th following year	45.54
5th following year	34.05
Year 6 to 10	78.00
More than 10 years	33.12

As at March 31, 2021, the average duration of the defined benefit obligations was 36.35 years (previous year: 36.21 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.

(₹ in Million)

Particulars	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(4.75)	5.29	(3.86)	3.98
Future salary increase (0.5% movement)	3.80	(3.67)	3.21	(3.15)
Attrition rate (0.5% movement)	0.27	(0.58)	0.28	(0.52)
Mortality rate (0.10% movement)	(0.28)	(0.01)	(0.24)	(0.29)

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.

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to the consolidated financial statements for the year ended March 31, 2021

33 Segment information

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 Group's performance and allocates resources on overall basis. The Group's sole operating segment is therefore 'Medical and Healthcare Services'. Accordingly, there are no additional disclosures to be provided under Ind AS 108, other than those already provided in the financial statements.

Entity wide disclosures - Geographical information

Geographical information analyses the Group's revenue and non-current assets by the Group'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.

(i) Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
India	20,523.72	26,939.65
Rest of the world - Cayman Islands	5,299.74	4,338.44
	25,823.46	**31,278.09**

(ii) Non-current assets *

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
India	16,186.71	17,755.84
Rest of the world - Cayman Islands	4,376.50	4,693.45
	20,563.21	**22,449.29**

*Non-current assets exclude financial instruments, deferred tax assets and equity accounted investees

(iii) Investment in associates accounted for by the equity method

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Mauritius	25.94	28.24
	25.94	**28.24**

Notes

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34 Related party disclosures

(a) Details of related parties:

Particulars	Name of related parties
Key Management Personnel (KMP)	Dr. Devi Prasad Shetty - Chairman
	Dr. Emmanuel Rupert -Managing Director and Group CEO
	Viren Prasad Shetty - Whole-time Director and Group COO
	Kesavan Venugopalan - Chief Financial Officer
	Sridhar S -Company Secretary
Relatives of KMP	Dr. Varun Shetty
	Dr. Anesh Shetty
	Dr. Vivek Shetty
	Shakuntala Shetty
Associate	TriMedx India Private Limited (TriMedx)
Associates of subsidiary	Cura Technologies Inc.
	ISO Healthcare
Enterprises under control/ joint control of KMP and their relatives	Narayana Health Academy Private Limited (NHAPL)
	Hrudayalaya Pharmacy
	Charmakki Infrastructures
	Narayana Hrudayalaya Foundation (NHF)
	Mazumdar Shaw Medical Foundation (MSMF)
	Amaryllis Healthcare Private Limited (AHPL)
	Asia Heart Foundation (AHF)
	Thrombosis Research Institute(TRI)
Enterprises where control of the Company exists	Narayana Hrudayalaya Private Limited Employees Group Gratuity Trust

(b) Transactions with related parties during the year ended March 31, 2021

(₹ in Million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
Rent expense					
NHF	-	-	-	23.76	23.76
	(-)	(-)	(-)	(18.42)	(18.42)
AHF	-	-	-	10.13	10.13
	(-)	(-)	(-)	(15.61)	(15.61)
Charmakki Infrastructures	-	-	-	6.97	6.97
	(-)	(-)	(-)	(13.38)	(13.38)
MSMF	-	-	-	29.50	29.50
	(-)	(-)	(-)	(25.00)	(25.00)
TOTAL	**-**	**-**	**-**	**70.36**	**70.36**
	(-)	**(-)**	**(-)**	**(72.41)**	**(72.41)**

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34 Related party disclosures (Contd..)

(b) Transactions with related parties during the year ended March 31, 2021 (Contd..)

(₹ in Million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
Interest income on security deposit					
Charmakki Infrastructures	-	-	-	9.21	9.21
	(-)	(-)	(-)	(8.43)	(8.43)
Reimbursement of expenses					
AHF	-	-	-	0.07	0.07
	(-)	(-)	(-)	(0.04)	(0.04)
NHF	-	-	-	0.05	0.05
	(-)	(-)	(-)	(0.19)	(0.19)
Hrudayalaya Pharmacy	-	-	-	0.02	0.02
	(-)	(-)	(-)	(-)	(-)
TOTAL	**-**	**-**	**-**	**0.14**	**0.14**
	(-)	**(-)**	**(-)**	**(0.23)**	**(0.23)**
Investment in equity instruments					
TriMedx	-	-	-	-	-
	(-)	(-)	(-)	(3.00)	(3.00)
Provision for other than temporary diminution in the value of investments					
TriMedx	-	-	-	-	-
	(-)	(-)	(-)	(3.00)	(3.00)
Advance on account of discount entitlement					
NHF	-	-	-	7.33	7.33
	(-)	(-)	(-)	(7.34)	(7.34)
AHF	-	-	-	3.60	3.60
	(-)	(-)	(-)	(4.06)	(4.06)
Total	**-**	**-**	**-**	**10.93**	**10.93**
	(-)	**(-)**	**(-)**	**(11.40)**	**(11.40)**

Figures in brackets are for previous year.

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34 Related party disclosures (Contd..)

(b) Transactions with related parties during the year ended March 31, 2021 (Contd..)

(₹ in Million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
Interest income on promissory note					
Cura Technologies Inc.	-	-	9.23	-	9.23
	(-)	(-)	(8.84)	(-)	(8.84)
Purchase of medical stores and Consumables					
Hrudayalaya Pharmacy	-	-	-	0.28	0.28
	(-)	(-)	(-)	(0.23)	(0.23)
AHPL	-	-	-	261.81	261.81
	(-)	(-)	(-)	(125.72)	(125.72)
Total	**-**	**-**	**-**	**262.09**	**262.09**
	(-)	**(-)**	**(-)**	**(125.95)**	**(125.95)**
Hospital General Expenses					
AHPL	-	-	-	22.80	22.80
	(-)	(-)	(-)	(1.23)	(1.23)
Lab outsourcing expenses					
MSMF				1.34	1.34
				(3.15)	(3.15)
Short term employee benefit*					
Dr. Devi Prasad Shetty	61.53	-	-	-	61.53
	(64.33)	(-)	(-)	(-)	(64.33)
Dr. Emmanuel Rupert	48.46	-	-	-	48.46
	(32.25)	(-)	(-)	(-)	(32.25)
Viren Prasad Shetty	12.66	-	-	-	12.66
	(13.24)	(-)	(-)	(-)	(13.24)
Dr. Anesh Shetty	-	-	-	-	-
	(-)	(1.31)	(-)	(-)	(1.31)
Kesavan Venugopalan	26.53	-	-	-	26.53
	(24.12)	(-)	(-)	(-)	(24.12)
Sridhar S	4.65	-	-	-	4.65
	(4.78)	(-)	(-)	(-)	(4.78)
Total	**153.83**	**-**	**-**	**-**	**153.83**
	(138.72)	**(1.31)**	**(-)**	**(-)**	**(140.03)**
Professional Fees					
Dr. Vivek Shetty	-	-	4.33	-	4.33
	(-)	(-)	(5.35)	(-)	(5.35)
Dr. Varun Shetty	-	-	5.50	-	5.50
	(-)	(-)	(7.10)	(-)	(7.10)
TOTAL	**-**	**-**	**9.83**	**-**	**9.83**
	(-)	**(-)**	**(12.45)**	**(-)**	**(12.45)**
Share based payments					
Dr. Emmanuel Rupert	7.99	-	-	-	7.99
	(27.03)	(-)	(-)	(-)	(27.03)
TOTAL	**7.99**	**-**	**-**	**-**	**7.99**
	(27.03)	**(-)**	**(-)**	**(-)**	**(27.03)**

Figures in brackets are for previous year.

*The amounts are determined as per section 17(2) of the Income tax Act, 1961 read with the related Rules.

Note:

Compensation to KMP is bifurcated into short-term employee benefits, long-term benefits and share based payments. The remuneration to KMP does not include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Company as a whole.

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34 Related party disclosures (Contd..)

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

(₹ in Million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/ joint control of KMP and their relatives	Enterprises under significant influence of relative of KMP	Total
Trade payables						
AHPL	-	-	-	11.88	-	11.88
	(-)	(-)	(-)	(2.06)	(-)	(2.06)
Charmakki Infrastructures	-	-	-	0.53	-	0.53
	(-)	(-)	(-)	(-)	(-)	(-)
MSMF	-	-	-	-	-	-
	(-)	(-)	(-)	(0.29)	(-)	(0.29)
AHF	-	-	-	1.86	-	1.86
	(-)	(-)	(-)	(1.49)	(-)	(1.49)
NHF	-	-	-	0.53	-	0.53
	(-)	(-)	(-)	(0.62)	(-)	(0.62)
Hrudayalaya Pharmacy	-	-	-	0.01	-	0.01
	(-)	(-)	(-)	(0.01)	(-)	(0.01)
TOTAL	**-**	**-**	**-**	**14.81**	**-**	**14.81**
	(-)	**(-)**	**(-)**	**(4.47)**	**(-)**	**(4.47)**
Other financial assets- Due for reimbursement of expense						
NHF	-	-	-	1.31	-	1.31
	(-)	(-)	(-)	(1.02)	(-)	(1.02)
Narayana Hrudayalaya Pharmacy	-	-	-	0.02	-	0.02
	(-)	(-)	(-)	-	(-)	(-)
TOTAL	**-**	**-**	**-**	**1.33**	**-**	**1.33**
	(-)	**(-)**	**(-)**	**(1.02)**	**(-)**	**(1.02)**
Other Current assets- Due for reimbursement of expense						
AHF	-	-	-	1.06	-	1.06
	(-)	(-)	(-)	(0.04)	(-)	(0.04)
Financial assets-loans non-current - Security deposit and loans						
Charmakki Infrastructures	-	-	-	105.19	-	105.19
	(-)	(-)	(-)	(95.97)	(-)	(95.97)
Other non-current assets - Prepaid rent						
Charmakki Infrastructures	-	-	-	16.55	-	16.55
	(-)	(-)	(-)	(21.77)	(-)	(21.77)
Other current assets - Prepaid rent						
Charmakki Infrastructures	-	-	-	6.97	-	6.97
	(-)	(-)	(-)	(6.97)	(-)	(6.97)
Trade receivables						
NHF	-	-	-	0.03	-	0.03
	(-)	(-)	(-)	(0.07)	(-)	(0.07)
Other liabilities (current) - Other payables						
AHF	-	-	-	71.36	-	71.36
	(-)	(-)	(-)	(61.60)	(-)	(61.60)
Investment in promissory note (net)						
Cura Technologies Inc.	-	-	47.82	-	-	47.82
	(-)	(-)	(121.75)	(-)	(-)	(121.75)
Interest accrued on promissory note						
Cura Technologies Inc.	-	-	29.49	-	-	29.49
	(-)	(-)	(20.26)	(-)	(-)	(20.26)
Share based payments						
Dr. Emmanuel Rupert	7.99	-	-	-	-	7.99
	(27.03)	(-)	(-)	(-)	(-)	(27.03)

Figures in brackets are for the previous year.

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to the consolidated financial statements for the year ended March 31, 2021

35 Group Information

Information about subsidiaries and associates

(a) Subsidiaries

The consolidated financial statements of the group include the following subsidiaries:

Name	Principal Activities	Country of incorporation/ Principal place of business	Ownership interest held by Group	
			March 31, 2021	March 31, 2020
Narayana Institute for Advanced Research Private Limited (NIARPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Hospitals Private Limited (NHPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Health Institutions Private Limited (NHIPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Cayman Holdings Ltd (NCHL)	Investment Company	Cayman Islands	100.00%	100.00%
Meridian Medical Research & Hospital Limited (MMRHL)	Medical and Healthcare services	India	99.13%	99.13%
Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Holdings Private Limited (NHPL, Mauritius) (refer note (d) below)	Investment Company	Mauritius	100.00%	100.00%
Health City Cayman Islands Ltd. (HCCI)	Medical and Healthcare services	Cayman Islands	100.00%	100.00%
NH Health Bangladesh Private Limited. (NHDPL) (refer note (c) below)	Medical and Healthcare services	Bangladesh	100.00%	100.00%
Narayana Health North America LLC	Medical and Healthcare services	United States of America	100.00%	100.00%

(b) Associates

The consolidated financial statements of the group include the following associates:

Name	Principal Activities	Country of incorporation/ Principal place of business	% equity interest	
			March 31, 2021	March 31, 2020
ISO Healthcare	Medical and Healthcare services	Mauritius	18.52%	18.52%
Cura Technologies Inc.	IT Services related to Healthcare	United States of America	43.80%	44.43%
TriMedx India Private Limited (TriMedx)	Healthcare equipment management service	India	10.00%	10.00%

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to the consolidated financial statements for the year ended March 31, 2021

35 Group Information (Contd..)

(c) Narayana Holdings Private Limited (NHPL, Mauritius) has incorporated a Company in Bangladesh -"NH Health Bangladesh Private Limited" on July 22, 2018 by investing an amount of USD 2,40,750/- in 19,99,900 shares of BDT 10 each fully paid up. During the current financial year, the NHPL Mauritius has invested an additional amount of USD 3,39,000 in 28,40,500 shares of BDT 10 each fully paid up.

(d) Narayana Holdings Private Limited (NHPL, Mauritius) 100 % stake has been transferred to Narayana Cayman Holding Limited from Narayana Hrudayalaya Limited as on June 6, 2018.

36 Investment in associates

The Group has interest in the following companies. This has been accounted for using the equity method in the consolidated financial statements. The Group has significant influence either by virtue of shareholding being more than 20%, provision of essential technical service, participation in policy making processes or Board representation. However the Group does not have control or joint control over any of them.

Name	Principal Activities	Country of incorporation/ Principal place of business	% equity interest	
			March 31, 2021	March 31, 2020
ISO Healthcare	Medical and Healthcare services	Mauritius	18.52%	18.52%
Cura Technologies Inc.	IT Services related to Healthcare	United States of America	43.80%	44.43%
TriMedx India Private Limited (TriMedx)	Healthcare equipment management service	India	10.00%	10.00%

37 Investments, loans and guarantees

(a) The Group has made investment in the following entities:

(₹ in Million)

Entity	Initial Investment	Carrying value as at March 31, 2020	Allotment during the year	Share of loss of equity accounted investees	Exchange fluctuation	Carrying value as at March 31, 2021
Cura Technologies Inc.	9.27	-	-	-	-	-
ISO Healthcare	44.62	28.24	-	0.92	(1.38)	25.94
	53.89	**28.24**	**-**	**0.92**	**(1.38)**	**25.94**

(b) The Group has given loans to the following entity:

(₹ in Million)

Entity	Purpose of Loan	Initial Investment	Carrying value as at March 31, 2020	Accrued interest	Share of loss of equity accounted investees	Exchange fluctuation	Carrying value as at March 31, 2021
Cura Technologies Inc.	Financial assistance	187.25	142.04	9.23	67.45	(6.51)	77.31
		187.25	**142.04**	**9.23**	**67.45**	**(6.51)**	**77.31**

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38 Due to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 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 March 31, 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.

(₹ in Million)

Particulars	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	43.84	65.02
- Interest	0.76	1.11
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	0.76	1.11
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		-

39 Leasehold land includes 36 acres of land acquired by Narayana Hospitals Private Limited ("NHPL") in the year 2008 under perpetual lease from Government of Gujarat amounting to ₹ 1,652.38 million. The aforesaid land has been granted to NHPL by Government of Gujarat at a concessional rate under Gujarat Health Project for construction of heart hospital with certain conditions including but not limited to the following:

- 1,000 bed hospital for cardiac surgery should be built and be operational within 18 months from the date of completing legal formalities/ handing over with clear title and after obtaining all necessary permissions from all concerned departments. Self dependent 100 seat medical college under Medical Council of India ('MCI') Rules should be built and be operational within 36 months. Total project including 5,000 bed super-specialty hospital should be completed within 6 years;
- Self dependent medical college, to be established by NHPL, should be set up with total adherence to rules governed by MCI and Government of India;
- 5% surgery in the proposed health city should be done free. Only medicines and disposables should be charged;
- 20% cardiac surgeries should be performed at the subsidised rate of ₹ 0.07 million only, which includes every expense;
- Beneficiaries of the above said 5% and 20% surgeries will be referred by the Government of Gujarat;
- 15% out-patients should be given free consultation. Diagnostics fees will be charged at 50%;
- After achieving, 5,000 surgeries annually, 1,000 surgeries should be performed under concessional rate of ₹ 0.07 million and 250 surgeries should be performed free and
- Number of student intake and fees for the proposed medical college should be according to the prevailing government rules.

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39 (Contd..)

NHPL was unable to start the project on the specified date and received a show cause notice from the Government of Gujarat on December 22, 2010. Subsequent to the show cause notice, NHPL replied on January 19, 2011 assuring the Government of Gujarat that the entire project will be completed by June 2016.

As per the letter dated January 19, 2011, the timelines committed by NHPL are as follows:

Commissioning timelines		
a)	500 bed multispecialty hospital	June-2012
b)	1000 bed multispecialty hospital (expansion)	June-2012
c)	100 seat Medical College	June-2013
d)	5000 bed Health City	June-2016

The Company commenced operations in its Ahmedabad unit on May 3, 2012. As of March 31, 2021, the Group is yet to achieve the above timelines. The Group based on its past projects with government and other authorities believes that the terms/ conditions of grant of leasehold land at concessional rate would be renegotiated and no liability or adjustment to recorded assets is required as at March 31, 2021.

40 NHPL had entered into a lease agreement and obtained a 5 acre land from Siliguri Jalpaiguri Development Authority in February 2009 for construction of a hospital for a consideration of ₹ 25 Millions disclosed as prepaid rent under other current and non-current assets. As per the lease agreement, NHPL was required to complete the construction of the hospital by August 2009. However, no construction has been completed till date. During the financial year 2019-20, the company has written off the prepaid rent of ₹ 22.20 Millions.

41 In the year 2008-09, NHPL was allotted 35 acres of land by Jaipur Development Authority ('JDA') for establishing a medical college at Bagrana Grama, Jaipur "Bagrana". Subsequently, NHPL has surrendered 25 acres of land to JDA and retained 10 acres of land. However, in the year 2013-14 JDA intimated NHPL that 6,000 sq. meters of land out of the 10 acres land retained will be utilised for the completion of ring road project. Subsequently, JDA gave another proposal of land allotment at Govind Pura Ropada, in lieu of 10 acres at Bagrana, NHPL gave its consent on the same through letter dated April 24, 2015.

Since this land is given in lieu of land allotted at Bagrana, NHPL has requested JDA that the land at Govind Pura Ropada to be valued the same as it was during the time of allotment of land in Bagrana in March 2008.

As at March 31, 2021, NHPL has paid ₹ 54.44 million (March 31, 2020 : ₹ 54.44 million) to JDA and accrued the balance payable of ₹ 47.45 million (March 31, 2020 : ₹ 41.52 million). NHPL would capitalize this amount along with any other payment once NHPL gets the land registered in its name. NHPL believes that this advance towards land is recoverable from the JDA and hence provision for doubtful advance is not required as at March 31, 2021

42 Prepaid expenses

Expense prepaid as on March 31, 2019 amounting to ₹ 275.48 million representing rent paid to Asia Heart Foundation and Modern Medical Institute have as at April 1, 2019 been considered as ROU assets for the remaining lease term and presented appropriately as at March 31, 2021

43 Share based payment expense

During the year ended March 31, 2016, the Company introduced the NH ESOP 2015 ("NH ESOP") for the benefit of the employees of the Company, its subsidiaries and associates, as approved by the Board of Directors in its meeting held on September 12, 2015. NH ESOP 2015 provides for the creation and issue of 20,40,000 share options that would eventually convert into equity shares of ₹ 10 each in the

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43 Share based payment expense (Contd..)

hands of the employees of the Company, its subsidiaries and associate. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. In case of plan one, The share options vest in a graded manner over a period of four years and are exercisable in one or more tranches within a period of four years from the date of first vesting, failing which the options shall lapse. In case of plan two, the share options vest in a graded manner over a period of two and half years and are exercisable in one or more tranches within a period of Three years from the date of first vesting, failing which the options shall lapse.

Pursuant to NH ESOP, the Company granted 9,88,787 share options till March 31, 2021 (previous year: 9,88,787). The Stock compensation cost is computed under the Fair value method. For the year ended March 31, 2021, the Company has recorded stock compensation expenses of ₹ 6.01 million (previous year: ₹ 30.03 million) and liability as on March 31, 2021 is ₹ 37.38 million (previous year: ₹ 33.82 million).

The activity in this stock option plan is summarized below:

Particulars	As at March 31, 2021	As at March 31, 2020
Outstanding as at the beginning of the year (Nos.)	1,94,837	2,96,437
Option granted during the year (Nos.)	-	-
Forfeited during the year(Nos.)	-	(732)
Exercised during the year(Nos.)	(11,720)	(1,00,868)
Expired during the year(Nos.)	-	-
Outstanding at the end of the year(Nos.)	1,83,117	1,94,837
Weighted average share price at the date of exercise (₹)	232.59	232.59

Plan-1:- The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is Nil years (previous year: 0.50 years). The exercise price for the stock options outstanding as at March 31, 2021 is ₹ 10 (previous year : ₹ 10)

Plan-2:- The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is 1.50 years (previous year: 2.50 years). The exercise price for the stock options outstanding as at March 31, 2021 is ₹ 10 (previous year : ₹ 10)

Fair value presentation

The fair value of share options have been valued based on fair value method as described under Ind AS- 102, Shared-based Payment using Black Scholes valuation options-pricing model, using the fair value of the Company's shares as on the grant date.

Particulars	As at March 31, 2021	As at March 31, 2020
No. of options granted (Nos.)	Plan - 1 - 805670 Plan - 2 -183117	Plan - 1 - 805670 Plan - 2 -183117
Date of grant	October 1, 2015 - 805670 March 25, 2019 - 183117	October 1, 2015 - 805670 March 25, 2019 - 183117
Vesting period (years)	for 805,670 options - 4 years for 183,117 options- 2.52 years	for 805,670 options - 4 years for 183,117 options- 2.52 years
Expected life of option (years)	for 805,670 options - 5 years for 183,117 options- 3.52 years	for 805,670 options - 5 years for 183,117 options- 3.52 years
Expected volatility	for 805,670 options - 35% for 183,117 options - 24.70%	for 805,670 options - 35% for 183,117 options - 24.70%
Risk free rate	for 805,670 options - 7.63% for 183,117 options - 6.90%	"for 805,670 options - 7.63% for 183,117 options - 6.90%

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to the consolidated financial statements for the year ended March 31, 2021

43 Share based payment expense (Contd..)

Fair value presentation (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
Expected dividends expressed as a dividend yield	for 805,670 options - 0% for 183,117 options - 0%	for 805,670 options - 0% for 183,117 options - 0%
Weighted-average fair values of options per share (₹)	for 805,670 options - 208.73 for 183,117 options - 209.81	for 805,670 options - 208.73 for 183,117 options - 209.81

44 Earnings / (loss) per share (EPS)

Basic earnings per share

The calculation of basic earnings per share for the year ended on March 31, 2021 was based on profit / (loss) attributable to equity shareholders of ₹ (143.04) million (previous year: ₹ 1,189.16 million) and weighted average number of equity shares outstanding 20,29,16,718 (previous year: 20,29,04,998).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended March 31, 2021 was based on profit / (loss) attributable to equity shareholders of ₹ (143.04) million (March 31, 2020: ₹ 1189.16 million) and weighted average number of equity shares outstanding after adjustment for effects of all the dilutive potential equity shares.

(₹ in Million)

Earnings	For the year ended March 31, 2021	For the year ended March 31, 2020
(Loss) / Profit after tax	(143.04)	1,189.16

Weighted average number of equity shares (basic)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Total no. of shares outstanding	20,43,60,804	20,43,60,804
Effect of Treasury shares	(14,44,086)	(14,55,806)
Weighted average number of equity shares (basic) for the year	**20,29,16,718**	**20,29,04,998**

Weighted average number of equity shares (diluted)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of equity shares for the year (basic)	20,29,16,718	20,29,04,998
Weighted average number of equity shares from assumed exercise of stock options	1,73,288	1,36,329
Weighted average number of equity shares (diluted) for the year	**20,30,90,006**	**20,30,41,327**
Basic earnings per share (₹)	(0.70)	5.86
Diluted earnings per share (₹)*	(0.70)	5.86

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to the consolidated financial statements for the year ended March 31, 2021

45 Exceptional items

The Group had carried out an impairment assessment of one of the Cash Generating Units i.e. Dharamshila Narayana Super Speciality Hospital (hereinafter referred to as "the CGU") in one of its subsidiaries Narayana Hrudayalaya Surgical Hospital Private Limited due to the continued losses incurred in the CGU and more importantly the relatively weaker forecasts due to COVID-19. Based on the detailed impairment evaluation carried out by the Group duly considering the future cash flows of the CGU, the Group had recorded an impairment of ₹ 108.70 Million during the year ended March 31, 2020 and had disclosed the same as an exceptional item in the Statement of Profit and Loss.

46 Healthcare Service Agreement with Dharamshila Cancer Foundation and Research Centre (DCFRC)

On March 31, 2017, the Company's wholly owned subsidiary Narayana Hrudayalaya Surgical Hospital Private Limited ('NHSHPL') entered into Healthcare Services Agreement ("Agreement") with Dharamshila Cancer Foundation and Research Centre ("Society"). Accordingly, NHSHPL has a control over the operations of Dharamshila Hospital and Research Centre ("Hospital") and provide healthcare services using the assets which are owned by the society. The arrangement of NHSHPL with the Society attracts the application of business combination as per IndAS103. NHSHPL commenced the provision of healthcare services at the Hospital on 1st April 2017 ("Commencement Date"). The term of the Agreement is 25 years, which the Parties may extend for a further period on such terms as may be mutually agreed. Neither Party shall have the right to terminate the Agreement before 10 years of the Commencement Date. The Hospital is renamed as "Dharamshila Narayana Superspeciality Hospital, A Unit of Dharamshila Cancer Foundation And Research Centre" as per the Agreement.

In terms of the Agreement, the Society is entitled to retain an annual revenue amount of ₹ 180 million per annum with an annual escalation of 5% during the term NHSHPL is in control of the operations of the Hospital. The fair value, applying the Discounted Cash Flow approach based on discount rate of 15.23% is determined by discounting the estimated annual amounts of revenue which the Society is entitled to retain from the Commencement Date. The excess amount of such fair value over the fair value of net assets of the Hospital, which NHSHPL uses in exercise control over the operations of the Hospital, has been attributed towards goodwill.

The fair value accordingly has been attributed to use of the following assets based on Management's estimates:

(₹ in Million)

Particulars	Acquisition date fair value
Property, plant and equipment	357.68
Property usage right	163.94
Intangible assets	463.70
Total	**985.32**
Goodwill	79.00
Total purchase price	**1,064.32**

The intangible assets are amortised over a period of ten years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realized.

The goodwill amounting to ₹ 79 million comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

Notes

to the consolidated financial statements for the year ended March 31, 2021

46 Healthcare Service Agreement with Dharamshila Cancer Foundation and Research Centre (DCFRC) (Contd..)

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

NHSHPL has paid an interest-free refundable security deposit amounting to ₹ 100 million to the Society as per the Agreement. Security deposit was discounted and the differential was treated as prepaid rent and amortised over the term of the Agreement.

Refer note 4 and note 45 regarding provision for impairment recognized in the books relating to the Dharamshila unit and the allocation of the same to the tangible and intangible assets of the Unit.

47 Service Concession Arrangement.

(a) National Rural Health Mission, Assam (NRHM)

The Company had entered into an agreement with National Rural Health Mission, Assam (NRHM) on August 16, 2012 ("effective date") to set up a super specialty hospital at Guwahati and to operate and manage such hospital for a period of 30 years. As per the agreement, NRHM will provide ₹ 220 million in three instalments over a period of 1 year during execution of the project besides the existing hospital building on as is where is basis. The Company has received ₹ 220 million as it met all the conditions related to the grants. As per the terms of the agreement, the Company has entered into lease agreement with NRHM for existing building and land for a lease period of 30 years.

Also, as per the agreement not less than 50% of the hospital's beds shall be charged at 1.85% below the National Accreditation Board of Hospitals and Healthcare Providers (NABH) accredited hospital rate applicable. All the surgical, observational and other procedures for which super speciality rates are available in Central Government Health Scheme ("CGHS") schedule, such rates quoted in CGHS schedule shall apply and for which it is not available, NABH accredited hospital rates shall be applicable.

The Company has established a super-speciality hospital providing all the necessary services and for that it has to bear all the expenses in setting up the facilities mentioned in the agreement and thereafter run the hospitals on a day-to-day basis.

The term of the agreement is to commence on the effective date and will continue until the expiration of 30 years on August 15, 2042. Thereafter, this agreement shall be renewed for such additional periods and on such terms and conditions as may be mutually agreed to by the parties to the agreement. The agreement can be terminated by both the parties by mutual written agreement or if the other party breaches or fails to perform any of the covenants of the agreement or if any representation or warranty of the other party under this agreement shall have become untrue.

(b) Narayana Vaishno Devi Specialty Hospitals Private Limited ("NVDSHPL")

NVDSHPL entered into a Concession Agreement with Shri Mata Vaishno Devi Shrine Board ("the trust") to operate, maintain and manage a 230 beds multispeciality hospital on public private partnership model. NVDSHPL 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 beds multispeciality hospital and has reimbursed costs incurred by NVDSHPL for providing technical assistance during the refurbishment and commissioning period to the extent of ₹ 5 million. 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 ₹ 450 million. During the previous year, the Authority has further approved to increase the above mentioned cumulative maximum to ₹ 517 million. 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.

Notes

to the consolidated financial statements for the year ended March 31, 2021

47 Service Concession Arrangement (Contd..)

The Viability Gap Funding accounted so far is as below:

Particulars	Financial Year	(₹ in million)
Other Operating revenue under Revenue from Operations	16-17	144.18
Other Operating revenue under Revenue from Operations	17-18	111.61
Other Operating revenue under Revenue from Operations	18-19	118.20
Other Operating revenue under Revenue from Operations	19-20	76.73
Other Operating revenue under Revenue from Operations	20-21	102.52

Other financial assets include VGF receivable from Shrine Board of ₹ 0.58 Million as on March 31, 2021

48 Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements'

March 31, 2021

(₹ in Millions)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
Parent								
Narayana Hrudayalaya Limited	43.08	4,828.73	1,077.07	(1,539.56)	(266.98)	53.85	910.86	(1,485.71)
Subsidiaries								
Indian subsidiaries								
Narayana Hospitals Private Limited	6.03	676.10	(7.64)	10.92	(0.10)	0.02	(6.71)	10.94
Narayana Institute for Advanced Research Private Limited	-	(0.13)	0.11	(0.16)	-	-	0.10	(0.16)
Narayana Health Institutions Private Limited	-	0.48	0.09	(0.13)	-	-	0.08	(0.13)
Narayana Hrudayalaya Surgical Hospital Private Limited	0.87	97.92	178.70	(255.44)	1.24	(0.25)	156.76	(255.69)
Narayana Vaishno Devi Specialty Hospitals Private Limited	(0.02)	(2.74)	(10.26)	14.67	11.11	(2.24)	(7.62)	12.43

Notes

to the consolidated financial statements for the year ended March 31, 2021

48 Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements' (Contd..)

March 31, 2021 (Contd..)

(₹ in Millions)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
Meridian Medical Research & Hospital Limited	5.74	643.00	(28.76)	41.11	0.69	(0.14)	(25.12)	40.97
Foreign subsidiaries								
Narayana Cayman Holdings Ltd.	0.95	106.86	(7.51)	10.73	600.35	(121.09)	67.66	(110.36)
Health City Cayman Islands Ltd.	43.14	4,835.12	(1,169.20)	1,671.26	(247.79)	49.98	(1,055.26)	1,721.24
Narayana Holdings Private Limited	0.23	26.08	0.81	(1.16)	-	-	0.71	(1.16)
NH Health Bangladesh Private Limited	(0.02)	(3.20)	18.83	(26.91)	1.48	(0.30)	16.69	(27.21)
Associates (Investment as per the equity method) - Foreign								
Foreign associates								
ISO Healthcare	-	-	0.64	(0.92)	-	-	0.56	(0.92)
Cura Technologies Inc.	-	-	47.19	(67.45)	-	-	41.35	(67.45)
Non-controlling interests in Indian subsidiary								
Meridian Medical Research & Hospital Limited	-	-	(0.07)	0.10	-	-	(0.06)	0.10
	100.00	**11,208.22**	**100.00**	**(142.94)**	**100.00**	**(20.17)**	**100.00**	**(163.11)**

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to the consolidated financial statements for the year ended March 31, 2021

48 Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements' (Contd..)

March 31, 2020

(₹ in Million)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
Parent								
Narayana Hrudayalaya Limited	49.34	5,607.73	51.07	607.95	(380.00)	(177.00)	34.84	430.95
Subsidiaries								
Indian subsidiaries								
Narayana Hospitals Private Limited	8.28	940.61	(0.84)	(10.02)	0.09	0.04	(0.81)	(9.98)
Narayana Institute for Advanced Research Private Limited	-	(0.11)	-	(0.01)	-	-	-	(0.01)
Narayana Health Institutions Private Limited	-	0.48	-	(0.04)	-	-	-	(0.04)
Narayana Hrudayalaya Surgical Hospital Private Limited	0.63	71.70	(30.51)	(363.27)	(5.99)	(2.79)	(29.59)	(366.06)
Narayana Vaishno Devi Specialty Hospitals Private Limited	(0.06)	(6.77)	0.18	2.16	(1.89)	(0.88)	0.10	1.28
Meridian Medical Research & Hospital Limited	5.62	638.32	13.21	157.27	(3.07)	(1.43)	12.60	155.84
Foreign subsidiaries								
Narayana Cayman Holdings Ltd.	0.55	62.86	3.11	36.98	289.42	134.81	13.89	171.79
Health City Cayman Islands Ltd.	35.30	4,011.29	68.78	818.83	201.91	94.05	73.79	912.88
Narayana Holdings Private Limited	0.36	40.96	(0.32)	(3.76)	-	-	(0.30)	(3.76)
NH Health Bangladesh Private Limited	(0.02)	(2.09)	(1.90)	(22.63)	(0.45)	(0.21)	(1.85)	(22.84)

Notes

to the consolidated financial statements for the year ended March 31, 2021

48 Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements' (Contd..)

March 31, 2020 (Contd..)

(₹ in Million)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
Associates (Investment as per the equity method)-								
Foreign associates								
ISO Healthcare	-	-	(0.23)	(2.69)	-	-	(0.22)	(2.69)
Cura Technologies Inc.	-	-	(2.66)	(31.61)	-	-	(2.56)	(31.61)
Non-controlling interests in Indian subsidiary								
Meridian Medical Research & Hospital Limited			0.11	1.36	(0.02)	(0.01)	0.11	1.35
	100.00	**11,364.98**	**100.00**	**1,190.52**	**100.00**	**46.58**	**100.00**	**1,237.10**

49 Capital Management

The Group'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.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

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

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Total equity	11,208.22	11,364.98
As a percentage of total capital	**64%**	**61%**
Long-term borrowings including current maturities	5,965.67	7,070.04
Short-term borrowings	212.25	108.47
Total borrowings	**6,177.92**	**7,178.51**
As a percentage of total capital	**36%**	**39%**
Total capital (Equity and Borrowings)	**17,386.14**	**18,543.49**

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to the consolidated financial statements for the year ended March 31, 2021

50 Income tax

(a) Amounts recognised in profit and loss

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax		
- Current year*	3.46	425.38
- Prior year	-	(15.00)
MAT credit entitlement**	(2.72)	(36.57)
Deferred tax charge/ (credit), net		
Origination and reversal of temporary differences	(418.47)	48.72
Tax expense for the year	**(417.73)**	**422.53**

*Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The provision for tax for the year ended March 31, 2021 have been made duly taking into consideration the requirements under Appendix C to Ind AS 12, including the Management's assessment of the probability of acceptance of the Company's tax positions by the taxation / appellate authorities.

(b) Amounts recognised in other comprehensive income

(₹ in Million)

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified subsequently to profit or loss						
Re-measurement of defined benefit plans	(8.51)	2.09	(6.42)	(8.67)	1.62	(7.05)
Items that will be reclassified subsequently to profit or loss						
The effective portion of gains /(loss) on hedging instruments in a cash flow hedge	83.50	(11.71)	71.79	(161.69)	23.63	(138.06)
The effective portion of gains /(loss) on hedging instruments in a foreign operation	35.85	-	35.85	(131.22)	-	(131.22)
	110.84	**(9.62)**	**101.22**	**(301.58)**	**25.25**	**(276.33)**

(c) Reconciliation of effective tax rate

(₹ in Million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(Loss) / Profit before tax	**(560.67)**	**1,613.05**
Tax using the Company's domestic tax rate (current year 34.97% and previous year 34.94%)	(196.09)	563.66
Tax effect of:		
Non-deductible tax expenses	0.03	14.36
Tax-exempt income	(511.36)	(219.56)
Others	178.23	(81.12)
Current year losses of subsidiaries for which no deferred tax asset is recognised	87.55	133.20
Share of loss of equity accounted investees on which no deferred tax was recognised	23.91	11.99
	(417.73)	**422.53**

Notes

to the consolidated financial statements for the year ended March 31, 2021

51 Recognised deferred tax assets and liabilities

(a) Narayana Hrudayalaya Limited :-

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

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax asset		
Provision for doubtful receivables	113.74	125.07
Provision for gratuity	104.26	95.99
Provision for compensated absences	58.90	63.46
Provision for slow and non moving inventory	7.33	7.82
Impact on account of adoption of Ind AS 116	184.36	148.17
On land indexation of freehold land	18.91	18.91
On unabsorbed business loss	315.54	-
Others	4.32	25.95
Total deferred tax asset	**807.36**	**485.37**
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,158.01)	(1,249.47)
Total deferred tax liability	**(1,158.01)**	**(1,249.47)**
Minimum alternative tax assets**	**220.35**	**220.35**
Deferred tax liability (net)	**(130.30)**	**(543.75)**

**During the FY 2018-19 the Company has loss as per normal provision of Income Tax Act, 1961 and so was liable to pay tax as per Minimum Alternative tax (MAT) under section 115 JB of Income Tax Act, 1961. As per Section 115 JAA of Income Tax Act,1961, MAT assets can be carried forward to 15 years from Assessment year 2019-20, subject to earlier utilization by the Company.

(ii) Movement in temporary differences

(₹ in Million)

Particulars	Balances as at April 1, 2020	Adjustment to retained earnings	Recognised in Profit or loss during 2020-21 (charge)/credit	Recognised in OCI during 2020-21	Balances as at March 31, 2021
Provision for doubtful receivables	125.07	-	(11.33)	-	113.74
Provision for gratuity	95.99	-	6.23	2.04	104.26
Provision for compensated absences	63.46	-	(4.56)	-	58.90
Provision for slow and non moving inventory	7.82	-	(0.49)	-	7.33
Impact on account of adoption of Ind AS 116	148.17	-	36.19	-	184.36
On land indexation of freehold land	18.91	-	-	-	18.91
On unabsorbed business loss	-	-	315.54		315.54
Others	25.95	-	(9.92)	(11.71)	4.32
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,249.47)	-	91.46	-	(1,158.01)
MAT Credit Entitlement	220.35	-	-	-	220.35
Deferred tax liability (net)	**(543.75)**	**-**	**423.12**	**(9.67)**	**(130.30)**

Notes

to the consolidated financial statements for the year ended March 31, 2021

51 Recognised deferred tax assets and liabilities (Contd..)

(b) Meridian Medical Research & Hospital Limited :-

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

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax asset		
Provision for doubtful receivables	6.99	7.08
Provision for gratuity	0.72	1.32
Provision for compensated absences	3.04	3.45
On brought forward loss	38.67	42.65
Impact on account of adoption of Ind AS 116	1.98	1.98
Provision for slow moving and non moving inventory	0.69	0.64
Others	6.70	5.53
Total deferred tax asset	**58.79**	**62.65**
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(84.57)	(83.83)
Total deferred tax liability	**(84.57)**	**(83.83)**
Minimum alternative tax assets	43.92	41.20
Deferred tax asset (net)	**18.14**	**20.02**

(ii) Movement in temporary differences

(₹ in Million)

Particulars	Balances as at April 1, 2020	Adjustment to retained earnings	Recognised in Profit or loss during 2020-21 (charge)/credit	Recognised in OCI during 2020-21	Balances as at March 31, 2021
Provision for doubtful receivables	7.08	-	(0.09)	-	6.99
Provision for gratuity	1.32	-	(0.66)	0.06	0.72
Provision for compensated absences	3.45	-	(0.41)	-	3.04
On brought forward loss	42.65	-	(3.97)	-	38.68
Provision for slow moving and non moving inventory	0.64	-	0.04	-	0.68
Others	5.53	-	1.17	-	6.70
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(83.83)	-	(0.74)	-	(84.57)
Minimum alternative tax assets	41.20	-	2.72	-	43.92
Impact on account of adoption of Ind AS 116	1.98	-	-	-	1.98
Deferred tax asset (net)	**20.02**	**-**	**(1.94)**	**0.06**	**18.14**

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to the consolidated financial statements for the year ended March 31, 2021

52 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

(₹ in Million)

As at March 31, 2021	FVOCI	FVTPL	Amortised cost	Total	Fair value			
					Level 1	Level 2	Level 3	Level 4
Financial assets								
Investments	-	1,100.09	77.34	1,177.43	1,100.09	-	-	1,100.09
Trade receivables	-	-	2,785.19	2,785.19	-	-	-	-
Cash and cash equivalents	-	-	1,107.32	1,107.32	-	-	-	-
Bank balances other than above	-	-	213.20	213.20	-	-	-	-
Loans	-	-	389.92	389.92	-	-	-	-
Other financial assets	-	-	492.59	492.59	-	-	-	-
	-	**1,100.09**	**5,065.56**	**6,165.65**	**1,100.09**	**-**	**-**	**1,100.09**
Financial liabilities								
Borrowings	-	-	6,177.92	6,177.92	-	-	-	-
Lease liabilities	-	-	2,078.51	2,078.51	-	-	-	-
Trade payables	-	-	4,103.07	4,103.07	-	-	-	-
Other financial liabilities	-	-	1,222.80	1,222.80	-	-	-	-
Interest rate swap	165.08	-	-	165.08	-	165.08	-	-
	165.08	**-**	**13,582.30**	**13,747.38**	**-**	**165.08**	**-**	**-**

(₹ in Million)

As at March 31, 2020	FVOCI	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets								
Investments	-	693.20	142.04	835.24	693.20	-	-	693.20
Trade receivables	-	-	2,622.47	2,622.47	-	-	-	-
Cash and cash equivalents	-	-	1,026.91	1,026.91	-	-	-	-
Bank balances other than above	-	-	120.85	120.85	-	-	-	-
Loans	-	-	482.35	482.35	-	-	-	-
Other financial assets	-	-	341.10	341.10	-	-	-	-
	-	**693.20**	**4,735.72**	**5,428.92**	**693.20**	**-**	**-**	**693.20**
Financial liabilities								
Borrowings	-	-	7,178.51	7,178.51	-	-	-	-
Lease liabilities	-	-	2,343.55	2,343.55	-	-	-	-
Trade payables	-	-	3,616.08	3,616.08	-	-	-	-
Other financial liabilities	-	-	1,331.55	1,331.55	-	-	-	-
Interest rate swap	247.78	-	-	247.78	-	247.78	-	-
	247.78	**-**	**14,469.69**	**14,717.47**	**-**	**247.78**	**-**	**-**

Measurement of fair values

The carrying value of all financial assets approximates the fair value.

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to the consolidated financial statements for the year ended March 31, 2021

52 Financial instruments: Fair value and risk managements (Contd..)

B. Financial risk management

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

(i) Risk management framework

The Group'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 Group establishes an allowance for impairment 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 ₹ 3,287.52 million (previous year: ₹ 3,186.80 million). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

(₹ in Million)

Allowance for credit loss	As at March 31, 2021	As at March 31, 2020
Opening balance	564.33	415.57
Foreign currency translation	(15.58)	8.81
Credit loss recognised /(reversed)	(46.42)	139.95
Closing balance	**502.33**	**564.33**

No single customer accounted for more than 10% of the revenue as of March 31, 2021, March 31, 2020. There is no significant concentration of credit risk.

Credit risk on cash and cash equivalents is limited as the Group 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 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. In addition, the Group maintains line of credit as stated in Note 17.

Notes

to the consolidated financial statements for the year ended March 31, 2021

52 Financial instruments: Fair value and risk managements (Contd..)

B. Financial risk management (Contd..)

(iii) Liquidity risk (Contd..)

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

(₹ in Million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Borrowings	1,136.81	1,104.09	3,881.44	55.58	6,177.92
Lease liabilities	384.93	422.59	973.01	297.98	2,078.51
Trade payables	4,103.07	-	-	-	4,103.07
Other financial liabilities	400.60	155.02	817.55	14.71	1,387.88
Total	**6,025.41**	**1,681.70**	**5,672.00**	**368.27**	**13,747.38**

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

(₹ in Million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Borrowings	993.23	1,074.65	3,192.43	1,918.20	7,178.51
Lease liabilities	333.26	388.46	754.66	867.17	2,343.55
Trade payables	3,616.08	-	-	-	3,616.08
Other financial liabilities	482.50	870.35	29.14	197.34	1,579.33
Total	**5,425.07**	**2,333.46**	**3,976.23**	**2,982.71**	**14,717.47**

(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.

Foreign currency risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently, the Group is exposed to foreign exchange risk through operating and borrowing activities in foreign currency.

The currency profile of financial assets and financial liabilities as at March 31, 2021 and March 31, 2020 are as follows:

(USD in million)

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets		
Trade receivables	13.00	10.38
Cash and cash equivalents	7.44	7.73
Other financial assets (current)	2.20	1.83
Other current assets	2.78	1.75
Financial liabilities		
Borrowings	35.53	44.54
Trade payables	6.05	5.38
Other financial liabilities	4.81	5.27
Net assets / (liabilities)	**(20.97)**	**(33.50)**

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52 Financial instruments: Fair value and risk managements (Contd..)

B. Financial risk management (Contd..)

(iv) Market risk (Contd..)

Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange forward/option contracts designated as cash flow hedges.

(₹ in Million)

Particulars	Impact on profit or loss	
	As at March 31, 2021	As at March 31, 2020
USD Sensitivity		
INR/USD - Increase by 1%	(15.41)	(25.32)
INR/USD - Decrease by 1%	15.41	25.32

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

(a) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Type of Derivative	No. of Contracts	As at March 31, 2021		As at March 31, 2020	
		Amount Hedged (in USD million)	Fair Value (₹ million)	Amount Hedged (in USD million)	Fair Value (₹ million)
Interest rate swap	6	47.95	(165.08)	53.20	(247.78)

The Group has entered into derivative financial instruments with a counter-party (bank) with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying. As at March 31, 2021, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

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to the consolidated financial statements for the year ended March 31, 2021

52 Financial instruments: Fair value and risk managements (Contd..)

B. Financial risk management (Contd..)

(iv) Market risk (Contd..)

(a) Interest rate risk exposure (Contd..)

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period with respect to long term borrowings with variable interest rates from banks are as follows:

(₹ in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate long term borrowings including current maturities	2,979.57	3,132.75
Total borrowings	**2,979.57**	**3,132.75**

(b) Sensitivity

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

(₹ in Million)

Particulars	Impact on profit or loss	
	As at March 31, 2021	As at March 31, 2020
Sensitivity		
1% increase in interest rate	(29.80)	(31.33)
1% decrease in interest rate	29.80	31.33

The interest rate sensitivity is based on the closing balance of secured term loans from banks.

53 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 Group'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 Group during the year ended March 31, 2021 and the Group 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, including availability of banking facilities for maintaining liquidity for its operations, 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 Group 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.

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to the consolidated financial statements for the year ended March 31, 2021

54 Code on Social Security 2020

The Code on Social Security, 2020 ("the Code") which would impact the contributions by the Group 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 Group 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.

55 The Board of Directors, in their meeting on February 5, 2021, have approved the merger of its wholly owned subsidiary Narayana Cayman Holdings Limited, Cayman Islands with its wholly owned stepdown subsidiary Health City Cayman Islands Limited, Cayman Islands. The effective date of merger is April 1, 2021.Pursuant to the above, the merger has also been approved by the Registrar of Companies Cayman Islands on March 2, 2021.

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Prasad Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 31, 2021

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 31, 2021

Notes

Notes

Narayana Health

Health for all. All for health.

Narayana Hrudayalaya Limited

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