

INDEPENDENT AUDITOR'S REPORT

**To The Members of Narayana Hrudayalaya Surgical Hospital Private Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the accompanying financial statements of **Narayana Hrudayalaya Surgical Hospital Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, 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 financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report but does not include financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the



Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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



- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)



Monisha Parikh
Partner
(Membership No.47840)
UDIN : 20047840AAAABR8249

Place : Bengaluru
Date : June 15, 2020
MP/EKP/2020

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 Surgical Hospital Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective 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, 2020, based on the internal financial 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.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)



Monisha Parikh
Partner
(Membership No.47840)
UDIN : 20047840AAAABR8249

Place : Bengaluru
Date : June 15, 2020
MP/EKP/2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the possession certificate provided to us, we report that, the title deed, comprising the immovable property of building, is held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and did 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. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (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, Customs Duty, Goods & 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, Customs Duty, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- (c) There are no unpaid dues of Income-tax, Goods & Service Tax Customs Duty, as on March 31, 2020 on account of any disputes.
- (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. The Company has not taken any loans or borrowings from financial institutions and 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 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) The Company is a private company and hence the provisions of section 177 is not applicable to the Company. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.



**Deloitte
Haskins & Sells LLP**

- (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 : 20047840AAAAABR8249

Place : Bengaluru
Date : June 15, 2020
MP/EKP/2020

Narayana Hrudayalaya Surgical Hospital Private Limited
Balance sheet

(₹ in lakhs)			
Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,043.11	8,712.22
Right of use assets	5	612.49	-
Capital work-in-progress	4	793.42	20.60
Goodwill	4	-	790.00
Intangible assets	4	3,077.11	3,712.09
Financial assets			
Loans	6 (a)	659.23	610.99
Other financial assets	7 (a)	41.70	10.52
Income tax assets (net)	8	348.85	427.37
Other non-current assets	9 (a)	1,354.69	1,660.30
Total non-current assets		14,930.80	15,944.09
Current Assets			
Inventories	10	512.60	491.78
Financial assets			
Trade receivables	11	3,037.68	2,948.83
Cash and cash equivalents	12 (a)	699.68	303.95
Bank balances other than above	12 (b)	1.00	1.00
Loans	6 (b)	10.47	7.47
Other financial assets	7 (b)	936.94	432.61
Other current assets	9 (b)	355.15	281.35
Total current assets		5,553.52	4,466.99
TOTAL ASSETS		20,484.32	20,411.08
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13 (a)	2,274.88	2,146.54
Other equity	13 (b)	(2,820.23)	(908.72)
Total equity		(545.35)	1,237.82
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14 (a)	2,561.55	3,078.68
Lease liabilities	15 (a)	643.88	-
Other financial liabilities	16 (a)	9,364.17	9,802.03
Provisions	17 (a)	107.27	61.26
Total non-current liabilities		12,676.87	12,941.97
Current liabilities			
Financial liabilities			
Borrowings	14 (b)	1,809.66	809.49
Lease liabilities	15 (b)	123.63	-
Trade payables	18	124.80	119.93
Total outstanding dues of micro enterprises and small enterprises		3,934.15	3,401.51
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,904.83	1,531.63
Other financial liabilities	19	294.85	233.24
Other current liabilities	17 (b)	160.88	135.49
Provisions		8,352.80	6,231.29
Total current liabilities		20,484.32	20,411.08
TOTAL EQUITY AND LIABILITIES		20,484.32	20,411.08

Significant accounting policies

3

The accompanying notes are an integral part of these financial statements
As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Moulisha Parikh
Partner

Place: Bengaluru
Date: June 15, 2020



For and on behalf of the Board of Directors of
Narayana Hrudayalaya Surgical Hospital Private Limited

Dr. Devi Prasad Shetty
Director
DIN: 00252187

Place: Bengaluru
Date: June 15, 2020

Ravindra K S
Chief Financial Officer
Place: Bengaluru
Date: June 15, 2020

Dr. Emmanuel Rupert
Director
DIN: 07010883

Place: Bengaluru
Date: June 15, 2020

Hemish Purushottam
Company Secretary
Place: Bengaluru
Date: June 15, 2020

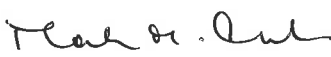


Narayana Hrudayalaya Surgical Hospital Private Limited
Statement of profit and loss

		(₹ in lakhs)	
Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from Operations	20	20,106.69	17,982.32
Other income	21	101.35	94.04
Total income (A)		20,208.04	18,076.36
EXPENSES			
Purchase of medical consumables, drugs and surgical instruments		5,576.75	5,144.68
Changes in inventories of medical consumables, drugs and surgical instruments - (Increase)/Decrease	22	(20.83)	(93.00)
Employee benefit expenses	23	3,703.73	3,428.11
Professional fees to doctors		5,031.53	4,961.04
Other expenses	24	5,062.14	4,716.20
Expenses before finance costs, depreciation and amortisation and exceptional items (B)		19,353.32	18,157.03
Earnings/(Loss) before finance costs, depreciation and amortisation, exceptional items and tax (A-B)		854.72	(80.67)
Finance costs (C)	25	2,063.64	2,050.62
Depreciation and amortisation expense (D)	26	1,483.89	1,329.07
Total expenses (E) = (B+C+D)		22,900.85	21,536.72
Profit/(loss) before exceptional items and tax (F) = (A-E)		(2,692.81)	(3,460.36)
Exceptional items (G)	38	1,086.99	-
Profit/(loss) before tax (H) = (F-G)		(3,779.80)	(3,460.36)
Tax expenses:			
Current Tax		-	-
Deferred tax (credit)/ charge		-	-
Total tax expenses (I)		-	-
Profit/(loss) for the year (J) = (H-I)		(3,779.80)	(3,460.36)
Other Comprehensive Income (OCI)			
Items that will not be subsequently reclassified to profit or loss			
Re-measurement of defined benefit plans		27.86	0.74
Other comprehensive income for the year, net of income tax (K)		27.86	0.74
Total comprehensive (loss)/ income for the year (J-K)		(3,807.66)	(3,461.10)
Earning/(Loss) per share	34	(17.30)	(17.40)
Basic and diluted (₹)			
Significant accounting policies	3		

The accompanying notes are 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: Bengaluru
Date: June 15, 2020




For and on behalf of the Board of Directors of
Narayana Hrudayalaya Surgical Hospital Private Limited


Dr. Devi Prasad Shetty
Director
DIN: 00252187
Place: Bengaluru
Date: June 15, 2020


Dr. Emmanuel Rupert
Director
DIN : 07010883
Place: Bengaluru
Date: June 15, 2020


Ravindra KS
Chief Financial Officer
Place: Bengaluru
Date: June 15, 2020


Hemish Purushottam
Company Secretary
Place: Bengaluru
Date: June 15, 2020



Narayana Hrudayalaya Surgical Hospital Private Limited
Statement of changes in equity for the year ended March 31, 2020

(a) Equity share capital			(₹ in lakhs except no of shares)	
Particulars	No. of Shares	Amount		
Equity shares of ₹ 10 each issued, subscribed and fully paid up				
Balance as at March 31, 2018	1,91,34,500	1,913.45		
Changes in equity share capital during 2018-19 [refer note 12(a)]	23,30,900	233.09		
Balance as at March 31, 2019	2,14,65,400	2,146.54		
Changes in equity share capital during 2019-20 [refer note 12(a)]	12,83,400	128.34		
Balance as at March 31, 2020	2,27,48,800	2,274.88		

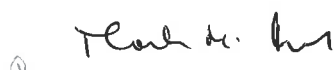
(b) Other Equity

Particulars	Reserves & Surplus		Items of OCI	Total other equity
	Securities premium reserve	Retained earnings	Remeasurements of the net defined benefit plans	
Balance as at March 31, 2018	4,268.81	(4,470.85)	(10.89)	(212.93)
Securities Premium on issue of shares	2,765.31	-	-	2,765.31
Profit/(Loss) for the year	-	(3,460.36)	-	(3,460.36)
Other comprehensive income (OCI)	-	-	(0.74)	(0.74)
Balance as at 31 March 2019	7,034.12	(7,931.21)	(11.63)	(908.72)
Securities Premium on issue of shares	1,999.48	-	-	1,999.48
Impact on account of adoption of Ind AS 116 (net of tax)	-	(103.33)	-	(103.33)
Profit/(Loss) for the year	-	(3,779.80)	-	(3,779.80)
Other comprehensive income	-	-	(27.86)	(27.86)
Balance as at 31 March 2020	9,033.60	(11,814.34)	(39.49)	(2,820.23)

The accompanying notes are an integral part of these financial statements.
As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors of
Narayana Hrudayalaya Surgical Hospital Private Limited

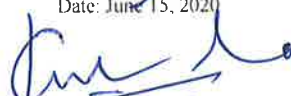

Monisha Parikh
Partner

Place: Bengaluru
Date: June 15, 2020





Dr. Devi Prasad Shetty
Director
DIN: 00252187

Place: Bengaluru
Date: June 15, 2020


Ravindra KS
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2020


Dr. Emmanuel Rupert
Director
DIN: 07010883

Place: Bengaluru
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Hemish Purushottam
Company Secretary

Place: Bengaluru
Date: June 15, 2020



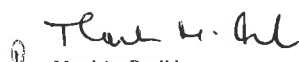
Narayana Hrudayalaya Surgical Hospital Private Limited
Statement of Cash flows

	(₹ in lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities		
Profit/(loss) after tax	(3,779.80)	(3,460.36)
Adjustments :		
Depreciation and amortisation	1,483.89	1,329.07
Interest income	(1.25)	(2.29)
Interest income from financial asset at amortised cost	(46.42)	(42.19)
Right to use building	164.10	164.10
Provision for loss allowance	277.90	190.62
Provision of inventories for write-down to net realisable value	17.11	7.09
Finance costs	2,063.64	2,050.62
Exceptional items (refer note 38)	1,086.99	-
Profit on sale of Property, plant and equipment	-	(0.18)
Operating cash flow before working capital changes	1,266.16	236.48
Changes in trade receivables	(366.75)	(414.03)
Changes in inventories	(37.93)	(100.09)
Changes in loans, other financial assets and other assets	(525.33)	(327.76)
Changes in trade payables and other financial liabilities	598.62	1,152.74
Changes in provision	43.54	35.80
Cash generated from operations	978.31	583.14
Income taxes paid (net of refund)	78.52	(110.12)
Net cash generated from operating activities (A)	1,056.83	473.02
Cash flow from investing activities		
Acquisition of property, plant and equipment	(536.20)	(1,108.77)
Acquisition of unit	(1,984.49)	(1,890.00)
Investment in bank deposit	(30.00)	(1.00)
Proceeds received from bank deposit	-	40.20
Proceeds from sale of assets	-	34.83
Interest received	0.15	2.16
Net cash used in from investing activities (B)	(2,550.54)	(2,922.58)
Cash flow from financing activities		
Proceeds from long-term borrowings	-	48,075.15
Repayment of long-term borrowings	(687.13)	(48,151.64)
Proceeds from loan by a related party (refer note 33 b)	3,650.00	2,335.00
Repayment of loan by a related party (refer note 33 b)	(2,925.00)	(2,335.00)
Proceeds from issue of equity shares	2,127.82	2,998.40
Interest and other borrowing costs	(449.56)	(457.14)
Payment of lease liabilities	(101.86)	-
Net cash generated from financing activities (C)	1,614.27	2,464.77
Net increase in cash and cash equivalents (A+B+C)	120.56	15.21
Cash and cash equivalents at the beginning of the year (refer note 11)*	(505.54)	(520.75)
Cash and cash equivalents at the end of the year (refer note 11)	(384.98)	(505.54)

* 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 are 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: Bengaluru
Date: June 15, 2020



For and on behalf of the Board of Directors of
Narayana Hrudayalaya Surgical Hospital Private Limited


Dr. Dev Prasad Shetty
Director
DIN: 00253187


Place: Bengaluru
Date: June 15, 2020


Ravindra KS
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2020


Dr. Emmanuel Rupert
Director
DIN: 07010883

Place: Bengaluru
Date: June 15, 2020


Hemish Purushottam
Company Secretary

Place: Bengaluru
Date: June 15, 2020



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020

1. Company overview

Narayana Hrudayalaya Surgical Hospital Private Limited ('the Company') was incorporated on October 11, 2010 under the Companies Act, 1956. The Company is engaged in establishing, promoting, owning, letting, managing and maintaining hospitals, clinics, health centers, nursing home in all discipline of medicine and without limitation to run and administer healthcare schemes.

2. Basis of preparation of the financial statements

2.1. Statement of compliance

The financial statements have been prepared in accordance 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 June 15, 2020.

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

Except for the changes below, the Company has consistently applied accounting policies to all periods.

- i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. Refer Note 37 for further details.
- ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded there is no significant impact.
- iii) Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019. The Company has evaluated



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

iv) Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

2.2 Going concern

The Financial statements have been drawn up on a going concern basis in view of the support letter received from Narayana Hrudayalaya Limited, the Holding Company confirming their continued financial support to the Company to enable it to continue its operations and settle its obligations as and when they become due over the next twelve month period.

2.3. Functional and presentation currency

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

2.4. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.5. Use of estimates and judgments

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

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



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

Judgments

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

Note 27 - Assessment of contingent liabilities and commitments

Note 29 - Leases

Note 37 - Financial instruments

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending March 31, 2020 is included in the following notes:

Note 30- recognition of deferred tax assets

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

Note 4 - useful life of property, plant and equipment and intangible assets

Note 6, 7, 11 and 37 - recognition of impairment of financial assets

2.6. Measurement of fair values

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

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

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

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

The Company 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 37 – financial instruments

3. Significant accounting policies

3.1. Financial instruments

a. Recognition and initial measurement

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

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.



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

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 or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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.



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c. Derecognition

Financial assets

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

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

Financial liabilities

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

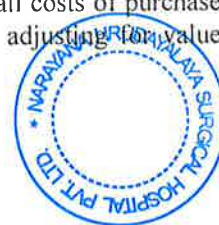
The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial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

d. Offsetting

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

3.2. Inventories

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



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

3.3. Cash and cash equivalents

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

3.4. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. 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.

3.5. Revenue recognition

Revenue from operations

Revenue from medical and healthcare services to patients is recognised as revenue when the related services are rendered unless significant future uncertainties exist. Revenue is also recognised in relation to the services rendered to the patients who are undergoing treatment/ observation on the balance sheet date to the extent of services rendered.

Revenue is recognised net of discounts given to the patients.

Revenue from sale of medical consumables and drugs within the hospital premises is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

'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.

Interest

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

3.6. Property, Plant and Equipment

Recognition and measurement

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



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

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 business combination are amortized over the lower of estimated useful life and term of agreement. 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
Vehicles	5 years
Computers	3 years

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

The Company believes that the useful life as given above best represent the useful life of the assets based on the internal technical assessment and these useful 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.

3.7. Business combination, goodwill and other intangible assets

(a) 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.

(b) 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.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

(c) Intangible assets

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

Amortisation method

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

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	3 years
Customer Relationship	10 years

Amortisation method

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

3.8. Employee benefits

Short term employee benefits

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

Post-employment benefits

Defined contribution plans

A defined contribution plan is 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 and employee state insurance to Government administered provident fund scheme and ESI scheme which is a defined contribution plan. The Company's contributions are recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

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

The gratuity scheme is administered by 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 recognized 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 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



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

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.

3.9. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.10. 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.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

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

3.11. Earnings/ (loss) per share

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

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

3.12. Income tax

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

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 or substantially 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.



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

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.

3.13. 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 amortised 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 Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

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 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 Company's procedures for recovery of amounts due.

b. Impairment of non-financial assets

The Company's non-financial assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company'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.

3.14. 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.



Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended March 31, 2020 (continued)

3.15 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.



4 (i) Property, plant and equipment, capital work-in-progress and intangible assets

Particulars	Gross block			Accumulated depreciation / amortisation / Impairment				Net block		
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	Depreciation/ Amortisation	Deletions	Impairment Recognised Refer Note (38)	As at March 31, 2020	As at March 31, 2019
Tangible assets (owned)										
Building [note (a)]	3,422.41	38.12	-	3,460.53	651.07	128.02	-	-	779.09	2,771.34
Electrical installation	351.12	7.60	-	358.72	132.91	33.28	-	-	166.19	218.21
Medical equipments	4,978.99	250.61	-	5,229.60	1,111.89	444.17	-	83.37	1,639.43	3,867.10
Office equipments	223.41	0.32	-	223.73	103.38	40.96	-	3.92	148.26	120.03
Other equipment including air conditioners	1,698.91	61.69	-	1,760.60	349.88	149.46	-	38.60	537.94	1,349.03
Furniture and fixtures	339.66	9.30	-	348.96	153.22	33.05	-	0.76	187.03	186.44
Computers	325.10	19.28	-	344.38	145.45	92.73	-	-	238.18	179.65
Vehicles	34.02	-	-	34.02	13.60	6.80	-	0.71	21.11	20.42
Total - A	11,373.62	386.92	-	11,760.54	2,661.40	928.47	-	127.36	3,717.23	8,712.22
Capital work-in-progress	20.60	772.82	-	793.42	-	-	-	-	793.42	20.60
Total - B	20.60	772.82	-	793.42	-	-	-	-	793.42	20.60
Goodwill	790.00	-	-	790.00	-	-	-	790.00	790.00	790.00
Total - C	790.00	-	-	790.00	-	-	-	790.00	790.00	790.00
Intangible assets										
Computer software	10.44	-	-	10.44	7.95	1.65	-	-	9.60	2.49
Customer relationship	4,637.00	-	-	4,637.00	927.40	463.70	-	169.63	1,560.73	3,709.60
Total - D	4,647.44	-	-	4,647.44	935.35	465.35	-	169.63	1,570.33	3,712.09
Grand total (A+B+C+D)	16,831.66	1,159.74	-	17,991.40	3,596.75	1,393.82	-	1,086.99	6,077.56	13,234.91

(a) Represents the cost of construction of building on the leasehold land at Mysore. The said land at Mysore has been leased to the Company for 30 years effective April 1, 2011 by the holding company, Narayana Hrudayalaya Limited.
(b) As at March 31, 2020, properties with a carrying amount of ₹ 5733.32 lakhs (previous year: ₹ 5,895.05 lakhs) are subject to first charge to secure bank loans.



Narayana Hrudayalaya Surgical Hospital Private Limited
Notes to the financial statements for the year ended March 31, 2020 (continued)

4 (i) Property, plant and equipment, capital work-in-progress and intangible assets

(₹ in lakhs)

Particulars	Gross block			Accumulated depreciation / amortisation			Net block	
	As at April 1, 2018	Additions	Deletions	As at March 31, 2019	Depreciation/Amortisation	Deletions	As at March 31, 2019	As at March 31, 2018
Tangible assets (owned)								
Building [note (a)]	3,373.93	48.48	-	3,422.41	126.95	-	2,771.34	2,849.81
Electrical installation	323.41	27.71	-	351.12	31.86	-	218.21	222.36
Medical equipments	4,232.72	777.32	31.04	4,979.00	404.77	2.13	3,867.11	3,523.47
Office equipments	226.30	1.18	4.08	223.40	41.95	4.08	120.02	160.79
Other equipment including air conditioners	1,590.85	116.17	8.11	1,698.91	145.49	2.48	1,349.03	1,383.98
Furniture and fixtures	295.93	43.73	-	339.66	33.97	-	186.44	176.68
Computers	205.73	120.72	1.35	325.10	70.83	1.24	179.65	129.87
Vehicles	34.02	-	-	34.02	6.80	-	20.42	27.22
Total - A	10,282.89	1,135.31	44.58	11,373.62	862.62	9.93	8,712.22	8,474.18
Capital work-in-progress	48.25	20.60	48.25	20.60	-	-	20.60	48.25
Total - B	48.25	20.60	48.25	20.60	-	-	20.60	48.25
Goodwill	790.00	-	-	790.00	-	-	790.00	790.00
Total - C	790.00	-	-	790.00	-	-	790.00	790.00
Intangible assets								
Computer software	10.44	-	-	10.44	2.75	-	7.95	5.24
Customer relationship	4,637.00	-	-	4,637.00	463.70	-	3,709.60	4,173.30
Total - D	4,647.44	-	-	4,647.44	466.45	-	3,712.09	4,178.54
Grand total (A+B+C+D)	15,768.58	1,155.91	92.83	16,831.66	1,329.07	9.93	13,234.91	13,490.97

(a) Represents the cost of construction of building on the leasehold land at Mysore. The said land at Mysore has been leased to the Company for 30 years effective 1 April 2011 by the holding company, Narayana Hrudayalaya Limited.

(b) As at 31 March 2019, properties with a carrying amount of ₹ 5,895.05 lakhs (previous year: ₹ 2,427.39 lakhs) are subject to first charge to secure bank loans.



Narayana Hrudayalaya Surgical Hospital Private Limited
Notes to the financial statements for the year ended March 31, 2020 (continued)

5 Right of use assets

(₹ in lakhs)

Category of ROU asset	Gross block			Accumulated Depreciation			Net Block	
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	Depreciation/ Amortisation	Deletions	As at March 31, 2020	As at March 31, 2019
Tangible assets								
Land	-	370.40	-	370.40	73.36	-	297.04	-
Equipment	-	332.16	-	332.16	16.71	-	315.45	-
Grand total	-	702.56	-	702.56	90.07	-	612.49	-

Refer note 29 for disclosures related to ROU assets and liabilities



		₹ in lakhs	
		As at March 31, 2020	As at March 31, 2019
6	Loans (Unsecured, considered good unless otherwise stated)		
	(a) Non-current		
	To parties other than related parties		
	Security deposits	659.23	610.99
		659.23	610.99
	(b) Current		
	To parties other than related parties		
	Security deposits	10.47	7.47
		10.47	7.47
7	Other financial assets (Unsecured, considered good unless otherwise stated)		
	(a) Non-current		
	To parties other than related parties		
	Bank deposits (due to mature after 12 months from reporting date)*	40.00	10.00
	Interest accrued on fixed deposits	1.70	0.52
		41.70	10.52
	* above deposits are restrictive as it pertains to bank guarantee.		
	(b) Current		
	To parties other than related parties		
	Interest accrued on fixed deposits	0.11	0.03
	Receivables from Dharamshila Cancer Foundation and Research Centre	905.36	347.53
	Unbilled revenue	31.47	85.05
		936.94	432.61
8	Income tax assets (net)		
	Advance income tax and tax deducted at source (net of provisions)	348.85	427.37
		348.85	427.37
9	Other assets (Unsecured, considered good unless otherwise stated)		
	(a) Non-current		
	To parties other than related parties		
	Capital advances	5.11	88.92
	Prepaid Rent	362.77	423.30
	Right to use building	983.01	1,147.06
	Prepaid expenses	3.80	1.02
		1,354.69	1,660.30
	(b) Current		
	To parties other than related parties		
	Prepaid Rent	60.66	60.62
	Prepaid expenses	40.79	24.03
	Right to use building	164.10	164.10
	Advance to vendors	67.56	23.02
	Other loans and advances	4.41	4.41
	Other asset	17.63	5.17
		355.15	281.35
10	Inventories (Valued at lower of cost and net realisable value)		
	Medical consumables, drugs and surgical instruments	540.65	502.22
	Goods in Transit	-	0.50
	Less: Provision for write-down to net realisable value	(28.05)	(10.94)
		512.60	491.78

The inventories are hypothecated as security as part of working capital facility.



	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
11 Trade receivables		
Unsecured, considered good	3,037.68	2,948.83
Unsecured, considered doubtful	644.32	366.42
	3,682.00	3,315.25
Loss allowance		
Unsecured, considered doubtful	(644.32)	(366.42)
Net trade receivables	3,037.68	2,948.83
Of the above, trade receivables from related parties are as below:		
Trade receivable (refer note 33 (c))	2.60	0.99
Expected credit loss allowance	-	-
Net trade receivables from related parties	2.60	0.99

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

Category	Ageing		
	Within due date	Due date to 1 Year	More than 1 year from due date
ESI/CGHS/SCHEMES	3.54% - 8.84%	16.95%-20.21%	44.96%-57.68%
Others	0.45%-11.81%	10.49%-29.82%	21.96%-54.61%

The Company's exposure to credit risk and currency risks, and loss allowances are disclosed in note 37.
The receivables are hypothecated as security as part of working capital facility.

12 Cash and bank balances

(a) Cash and cash equivalents		
Cash on hand	25.38	2.20
Balance with banks	674.30	301.75
-In current accounts	699.68	303.95
(b) Bank balances other than above	1.00	1.00
-In deposit accounts (due to mature within 12 months of the reporting date)*	1.00	1.00

* above deposits are restrictive as it pertains to margin money.

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

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	25.38	2.20
Balance with banks	674.30	301.75
-On current accounts	699.68	303.95
Less: Bank overdraft used for cash management purposes (refer note 14(b))	1,084.66	809.49
Cash and cash equivalents in the statement of cash flows	(384.98)	(505.54)



13 (a) Equity share capital

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Authorised		
23,000,000 equity shares (previous year: 20,000,000 equity shares) of INR 10 each	2,300.00	2,300.00
20,00,000 Preferential shares (previous year : Nil equity shares) of INR 10 each	200.00	200.00
Issued, subscribed and paid up		
2,27,48,800 (previous year: 2,14,65,400) equity shares of ₹ 10 each, fully paid up	2,274.88	2,146.54
	2,274.88	2,146.54

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

	(₹ in lakhs, except no of shares)			
	As at March 31, 2020		As at March 31, 2019	
Particulars	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	2,14,65,400	2,146.54	1,91,34,500	1,913.45
Shares issued during the year	12,83,400	128.34	23,30,900	233.09
Bonus shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,27,48,800	2,274.88	2,14,65,400	2,146.54

(ii) Rights, preferences and restrictions attached to equity shares

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

(iii) Shares held by Holding Company

	(₹ in lakhs, except no of shares)			
	As at March 31, 2020		As at March 31, 2019	
Particulars	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10 each fully paid up held by				
-Narayana Hrudayalaya Limited	2,27,48,800	2,274.88	2,14,65,400	2,146.54

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

	As at March 31, 2020		As at March 31, 2019	
Particulars	Number of shares*	% holding	Number of shares	% holding
Narayana Hrudayalaya Limited	2,27,48,800	100.00%	2,14,65,400	100.00%

(v) The Company has not bought back any shares during the period of five years immediately preceding the last balance sheet date.

Further, the Company has not issued any shares for consideration other than cash during the period of five years immediately preceding the last balance sheet date.

* Note: Number of shares includes 6 shares held by registered shareholders holding on behalf of beneficial shareholder i.e. Narayana Hrudayalaya Limited

13 (b) Other Equity

Reserves and surplus

Securities premium reserve		
At the commencement of the year	7,034.12	4,268.81
Add: Securities premium on issue of equity shares during the year	1,999.48	2,765.31
At the end of the year	9,033.60	7,034.12
Retained earnings		
At the commencement of the year	(7,931.21)	(4,470.85)
Add: Net profit/(loss) after tax transferred from statement of profit and loss	(3,779.80)	(3,460.36)
Add: Impact on account of adoption of Ind AS 116 (net of tax)	(103.33)	-
At the end of the year	(11,814.34)	(7,931.21)
Other Comprehensive Income		
At the commencement of the year	(11.63)	(10.89)
Add: Addition during the year	(27.86)	(0.74)
At the end of the year	(39.49)	(11.63)
	(2,820.23)	(908.72)

Securities premium reserve

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

Surplus

Surplus represents prior year undistributed earning / (losses).

Other Comprehensive Income

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



	(₹ in lakhs)	
	As at	As at
	March 31, 2020	March 31, 2019

14 Borrowings

(a) Non-current

Secured

Term loans

From banks (refer note I)

3,248.68 3,935.81

Less: Current maturity of long term debt [refer note 16 (b)]

(687.13) (857.13)

Total non-current borrowings

2,561.55 3,078.68

(b) Current

To parties other than related parties

Secured

Bank overdrafts (refer note II)

1,084.66 809.49

To related parties

Unsecured

Loans repayable on demand (refer note II)

725.00 -

Total current borrowings

1,809.66 809.49

I Term loans from banks :

Sl.no	Details of repayment terms, interest and maturity	Nature of security
(i)	Term Loan from HSBC : ₹ 2550.00 lakhs (previous year : ₹ 3230.00 lakhs) repayable in 15 quarterly instalments from reporting date. Interest is charged @ 8.90% p.a (previous year 8.65%)	Secured via mortgage of title deeds on the immovable property of Narayana Hospital Private Limited.
(ii)	Term loan from Yes Bank : ₹ 254.80 lakhs (previous year: ₹ 257.40 lakhs) repayable in 32 quarterly instalments from May 2018. Interest is charged @ 9.80% pa (previous year : 9.90%)	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 I.C facilities, corporate guarantee and security from Narayana Hrudayalaya Limited (Holding Company).
(iii)	Term loan from Yes Bank : ₹ 230.98 lakhs (previous year: ₹ 233.34 lakhs) repayable in 32 quarterly instalments from May 2018. Interest is charged @ 9.80% pa (previous year : 9.90%)	
(iv)	Term loan from Yes Bank : ₹ 90.22 lakhs (previous year: ₹ 91.14 lakhs) repayable in 32 quarterly instalments from November 2018. Interest is charged @ 9.80% pa (previous year : 9.90%)	
(v)	Term loan from Yes Bank : ₹ 67.99 lakhs (previous year: ₹ 68.69 lakhs) repayable in 32 quarterly instalments from March 2019. Interest is charged @ 9.80% pa (previous year : 9.90%)	
(vi)	Term loan from Yes Bank : ₹ 54.69 lakhs (previous year: ₹ 55.24 lakhs) repayable in 32 quarterly instalments from May 2018. Interest is charged @ 9.80% pa (previous year : 9.90%)	

II Overdraft facilities, working capital loan and commercial papers from bank :

- (i) Overdraft facility from Yes Bank Limited ₹ 1084.66 lakhs (previous year: ₹ 809.49 lakhs) carry interest rate of 0.30% above the 3 month MCLR (previous year :0.30% above the 3 months MCLR), 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) Loan from Narayana Hrudayalaya Limited: ₹ 725.00 lakhs (previous year: nil) [refer note 33 (c)]



		(₹ in lakhs)	
		As at March 31, 2020	As at March 31, 2019
15	Lease liabilities		
	(a) Non-current		
	Lease liability as on April 1, 2019	805.89	-
	Additions during the period	-	-
	Finance cost accrued during the period	63.48	-
	Lease payment	(101.86)	-
	Lease liability as on March 31, 2020	767.51	-
	Less: Current lease liability	(123.63)	-
		643.88	-
	(b) Current		
	Lease liability as on March 31, 2020	123.63	-
		123.63	-
16	Other financial liabilities		
	(a) Non-current		
	To parties other than related parties		
	Liability towards business acquisition	9,280.29	9,720.75
	Creditors for capital goods	83.88	81.28
		9,364.17	9,802.03
	(b) Current		
	To parties other than related parties		
	Liability towards business acquisition	440.11	440.11
	Current maturities of long-term borrowings [refer note 14 (a)]	687.13	857.13
	Interest accrued but not due on borrowings	12.13	5.56
	Deposits Received	12.70	13.20
	Creditors for capital goods	752.76	215.63
		1,904.83	1,531.63
The Company's exposure to liquidity risk and currency risk are disclosed in note 37			
17	Provisions		
	(a) Non-current		
	Provision for employee benefits (Refer Note 31)		
	Gratuity	107.27	61.26
		107.27	61.26
	(b) Current		
	Provision for employee benefits (Refer Note 31)		
	Gratuity	27.04	18.72
	Compensated absences	133.84	116.77
		160.88	135.49
18	Trade payables		
	Total outstanding dues of micro enterprises and small enterprises (Refer Note 32)	124.80	119.93
	Total outstanding dues of creditors other than micro and small enterprises	3,934.15	3,401.51
		4,058.95	3,521.44
*with respect to amount payable to related parties [refer note 33 (c)]			
The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 37.			
19	Other current liabilities		
	To parties other than related parties		
	Contract liabilities	157.00	98.36
	Balances due to statutory/ government authorities	93.15	98.53
	Unearned revenue	44.42	36.07
	Other liabilities	0.28	0.28
		294.85	233.24



Narayana Hrudayalaya Surgical Hospital Private Limited
Notes to the financial statements for the year ended March 31, 2020 (continued)

(₹ in lakhs)		
20 Revenue from operations		
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income from medical and healthcare services	14,733.83	13,945.62
Sale of medical consumables and drugs	5,367.85	4,028.43
Other operating revenue:		
Income from other healthcare services	5.01	6.23
Revenue share income	-	2.04
	20,106.69	17,982.32
Refer notes below		

(i) Category of Customer	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash	12,044.89	10,827.86
Credit	8,061.80	7,154.46
	20,106.69	17,982.32

(ii) Nature of treatment	For the year ended March 31, 2020	For the year ended March 31, 2019
In-patient	10,950.62	10,962.02
Out-patient	3,783.21	2,983.60
Sale of medical consumables and drugs	5,367.85	4,028.43
Others	5.01	8.27
	20,106.69	17,982.32

(iii) The revenue from rendering 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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contract liabilities	157.00	98.36
	157.00	98.36

(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.

21 Other income	(₹ in lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on		
- Bank deposits	1.25	2.29
- Income Tax Refund	19.90	5.68
Interest income from financial asset at amortised cost	46.42	42.19
Profit on Sale of Property, plant and equipment	-	0.18
Miscellaneous income	33.78	43.70
	101.35	94.04



22 Changes in inventories of medical consumables, drugs and surgical instruments - (Increase)/Decrease

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventory at the beginning of the year	491.78	398.78
Inventory at the end of the year	512.61	491.78
	(20.83)	(93.00)

23 Employee benefit expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	3,489.95	3,226.21
Contribution to provident and other funds (refer note 31)	157.91	136.30
Staff welfare expenses	55.87	65.60
	3,703.73	3,428.11

24 Other expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Hospital operating expenses		
Rent	545.97	665.72
Patient welfare expenses	60.70	63.93
Power and fuel	687.37	651.83
Hospital general expenses	281.35	238.05
House keeping expenses	669.28	582.27
Medical gas charges	28.59	32.25
Biomedical wastage expenses	7.02	7.34
Repairs and maintenance		
- Hospital equipments	346.11	344.70
- Buildings	98.48	53.05
- Others	305.40	269.40
Total (A)	3,030.27	2,908.54
Administrative expenses		
Traveling and conveyance	115.98	133.43
Security charges	190.38	181.43
Printing and stationery	119.72	111.18
Rent	140.40	162.85
Advertisement and publicity	877.48	754.91
Legal and professional fees (refer note (i) below)	81.55	99.34
Telephone and communication	60.55	43.08
Bank charges	63.02	57.29
Insurance	11.88	3.03
Rates and taxes	66.82	46.41
Foreign Exchange Loss	0.12	-
Provision for loss allowance	277.90	190.62
Corporate Social Responsibility	0.05	-
Subscription & Books & Periodicals	17.69	14.93
Loss on Property, plant and equipment discarded	0.01	-
Miscellaneous expenses	8.32	9.16
Total (B)	2,031.87	1,807.66
Total (A+B)	5,062.14	4,716.20



Narayana Hrudayalaya Surgical Hospital Private Limited
Notes to the financial statements for the year ended March 31, 2020 (continued)

(₹ in lakhs)		
(i) Payment to auditors*	For the year ended March 31, 2020	For the year ended March 31, 2019
Particulars		
As an auditor		
(i) Audit fee	8.00	8.00
(ii) Other attest services	5.00	10.00
	13.00	18.00

*excluding GST

(₹ in lakhs)		
25 Finance costs	For the year ended March 31, 2020	For the year ended March 31, 2019
Particulars		
Interest expense on financial liabilities measured at amortised cost		
- term loans from banks	319.60	380.57
- bank overdraft	80.17	41.62
- others	56.36	38.43
Interest expense on lease liabilities	63.48	-
Interest expense on business acquisition	1544.03	1,590.00
	2,063.64	2,050.62

(₹ in lakhs)		
26 Depreciation and amortisation expense	For the year ended March 31, 2020	For the year ended March 31, 2019
Particulars		
Depreciation of property, plant and equipment (refer note 4)	928.47	862.62
Amortisation of intangible assets (refer note 4)	465.35	466.45
Depreciation of Right to use Assets (refer note 5)	90.07	-
	1,483.89	1,329.07



27 Contingent liabilities and commitments

(i) Contingent liabilities

The Company does not have any contingent liability as on March 31, 2020 (previous year: nil)

(ii) Commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for amounts to ₹ 14.52 lakhs (March 31, 2019: ₹ 709.58 lakhs)

28 Segment reporting

Operating Segments

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

Geographical information

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

29 Leases

Transition

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.

The following is a summary of practical expedients elected by the Company 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.

On transition to Ind AS 116, the Company recognised right-of-use assets amounting to ₹ 702.56 lakhs, related accumulated depreciation amounting to nil, lease liabilities amounting to ₹ 805.89 lakhs and ₹ 103.33 lakhs in retained earnings as at April 1, 2019. The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019, which is 8% for measuring the lease liability.

(i) The following table provides the impact of adoption of Ind AS 116 on retained earnings

		(₹ in lakhs)
Particulars	As at	
	March 31, 2020	
Impact of retained earnings as at April 1, 2019	(103.33)	
	(103.33)	

(ii) Particulars

		(₹ in lakhs)
Particulars	As at	
	March 31, 2020	
Current lease liabilities	123.63	
Non-current lease liabilities	643.88	
	767.51	

(iii) The following is the movement in the lease liabilities during the year ended March 31, 2020

		(₹ in lakhs)
Particulars	As at	
	March 31, 2020	
Balance as at April 1, 2019	805.89	
Additions	-	
Finance cost accrued during the year	63.48	
Deletions	-	
Payment of lease liabilities	(101.86)	
	767.51	

(iv) The table below provides details regarding the contractual maturities of rental payments as of March 31, 2020

		(₹ in lakhs)				
Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total	
Contractual rental payments	140.67	159.89	305.38	678.10	1284.04	
	140.67	159.89	305.38	678.1	1284.04	

30 Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the followings:

		(₹ in lakhs)	
Particulars		For the year ended	For the year ended
		March 31, 2020	March 31, 2019
Deferred tax asset			
Provision for doubtful receivables	5.95		3.17
Provision for gratuity	19.64		17.49
Provision for compensated absences	18.10		17.64
On brought forward loss	1,652.73		1,718.08
Provision for slow & non moving inventory	0.56		0.16
Bonus payable	8.45		8.38
Unabsorbed Depreciation	97.98		97.98
Total deferred tax asset	1,803.41		1,862.90
Deferred tax liability			
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act	(1,197.92)		(821.00)
Total deferred tax liability	(1,197.92)		(821.00)
Deferred tax asset (net)	605.49		1,041.90

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



31 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 ₹ 157.91 lakhs (previous year: ₹ 114.03 lakhs).

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 financial statements as at balance sheet date:

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Defined benefit obligations liability	184.07	148.87
Plan assets	49.77	68.89
Net defined benefit liability	134.30	79.98
Liability for compensated absences	133.84	116.77
Total employee benefit liability	268.14	196.75
Non-current	107.27	61.26
Current	160.87	135.49

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

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Defined benefit obligation as at 1 April	148.87	129.96
Benefits paid	(10.70)	(3.59)
-By the fund	(11.59)	(5.85)
-By the Company	22.56	19.95
Current service cost	7.81	6.93
Interest cost		
Actuarial (gains)/ losses recognised in other comprehensive income	3.70	0.40
-changes in demographic assumptions	2.13	0.58
-changes in financial assumptions	21.29	0.49
-experience adjustments	184.07	148.87
Defined benefit obligations as at 31 March	184.07	148.87

ii) Reconciliation of present values of plan assets

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Plan assets at beginning of the year	68.89	67.24
Acquisition	-	-
Interest income	4.55	4.51
Employer contribution	0.44	-
Benefits paid	(10.70)	(3.59)
Adjustment to opening fair value	(12.67)	-
Actuarial gain/(loss) on plan assets	(0.74)	0.73
Plan assets at the end of the year	49.77	68.89
Net defined benefit liability	134.30	79.98



31 Employee benefits (continued)

C. i) Expense recognised in Statement of Profit and Loss

	(₹ in lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	22.56	19.95
Interest cost	3.26	2.42
Past service cost / (benefit)	-	-
	25.82	22.37

ii) Remeasurements recognised in other comprehensive income

	(₹ in lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (gain)/ loss on defined benefit obligation	27.12	1.47
Return on plan assets excluding interest income	0.74	(0.73)
	27.86	0.74

D. Plan Assets

Plan assets comprises of the following:

	(₹ in lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Pooled assets with an insurance company	49.77	68.89
	49.77	68.89

The nature of assets allocation of plan assets is in government securities and debt instruments of high credit rating.

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, 2020	As at March 31, 2019
Attrition rate	40.00%	44.75%
Discount rate	5.35%	6.63%
Mortality rate	IAI.M (2012-14) Ultimate	IAI.M (2006-08) Ultimate
Future salary increases	0% for First Year 6% thereafter	9% for First Year 6% thereafter

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

As of March 31, 2020, the plan assets have been invested in insurer managed funds for Dharamshila unit and the expected contributions to the fund during the year ending March 31, 2021, is approximately ₹ 38.66 lakhs (previous year: ₹43.29 lakhs).

Maturity profile of defined benefit obligation

	(₹ in lakhs)
Particulars	Amount
1st following year	65.70
2nd following year	45.07
3rd following year	34.50
4th following year	26.69
5th following year	20.71
Year 6 to 10	45.40

As at 31 March 2020, the average duration of the defined benefit obligations was 30 years (previous year: 30 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 lakhs)			
Particulars	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(2.11)	2.14	(1.38)	1.43
Future salary increases (0.5% movement)	1.88	(1.87)	1.26	(1.23)
Attrition rate (0.5 % movement)	(0.46)	0.47	(0.34)	0.35
Mortality rate (0.10% movement)	0.01	(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.



32 Due to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2020 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ("The MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier.

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
-Principal	124.76	117.69
-Interest	0.04	2.24
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	0.04	2.24
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-



33 Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Enterprise having control over the Company	Narayana Hrudayalaya Limited
Key Management Personnel (KMP)	Dr. Devi Prasad Shetty - Director and Chairman of the Holding Company Shankuntala Shetty - Director Dr. Emmanuel Rupert- Managing Director Ravindra KS - Chief Financial Officer Hemish Purushottam - Company Secretary
Key Management Personnel (KMP) of the Holding Company	Dr. Ashutosh Raghuvanshi - Managing Director of the Holding Company (Till February 10, 2019) Viren Shetty- Whole Time Director of the Holding Company Kesavan Venugopalan- Chief Financial Officer of the Holding Company Sridhar S- Company Secretary of the Holding Company
Fellow subsidiaries	Narayana Institute for Advanced Research Private Limited (NIARPL) Narayana Hospitals Private Limited (NIHPL) Narayana Health Institutions Private Limited (NIHPL) Narayana Cayman Holdings Limited (NCIL) Narayana Hrudayalaya Hospitals Malaysia SDN. BHD (NIHIM) (till April 24, 2018) Meridian Medical Research & Hospital Limited (MMRHL) Narayana Holdings Private Limited (NIHDPL) (Subsidiary of NCIL w.e.f. June 6, 2018) Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL) NIH Health Bangladesh private Limited (Subsidiary of NIHDPL w.e.f. July 22, 2018) Health City Cayman Islands Limited (HCCI) (Subsidiary of NCIL w.e.f. January 2, 2018) Narayana Health North America LLC (w.e.f. April 9, 2019)
Entity under control/ joint control of KMP/KMP of Holding company and their relatives	Narayana Hrudayalaya Foundation Amaryllis Healthcare Private Limited
Associate of Holding Company	Trimedx India Private Limited

(b) Transactions with related party during the year ended March 31, 2020

Transactions	Enterprise having control over the company	Entity under control/ joint control of KMP/KMP of Holding company and their relatives	Associate of Holding Company	Key Management Personnel (KMP)	Total
(₹ in lakhs)					
Lease rental expense					
Narayana Hrudayalaya Limited	49.56 (49.56)	-	-	-	49.56 (49.56)
Narayana Hrudayalaya Foundation	-	11.82 (86.34)	-	-	11.82 (86.34)
Total	49.56 (49.56)	11.82 (86.34)	-	-	61.38 (135.90)
Purchase of Property, plant & equipment					
Narayana Hrudayalaya Limited	46.85 -	-	-	-	46.85 -
Unsecured loan taken					
Narayana Hrudayalaya Limited	3,650.00 (2,335.00)	-	-	-	3,650.00 (2,335.00)
Interest expenses					
Narayana Hrudayalaya Limited	54.94 (35.42)	-	-	-	54.94 (35.42)
Payment of unsecured loan					
Narayana Hrudayalaya Limited	2,925.00 (2,335.00)	-	-	-	2,925.00 (2,335.00)
Reimbursement of expenses					
Narayana Hrudayalaya Limited	60.00 (22.78)	-	-	-	60.00 (22.78)
Issue of equity shares					
Narayana Hrudayalaya Limited	2,127.82 (2,998.40)	-	-	-	2,127.82 (2,998.40)
Corporate guarantee given by holding company					
Narayana Hrudayalaya Limited	3,500.00 (3,500.00)	-	-	-	3,500.00 (3,500.00)
Purchase of medical consumables and drugs and Services					
Narayana Hrudayalaya Limited	39.52 (128.24)	-	-	-	39.52 (128.24)
Amaryllis Healthcare Private Limited	-	52.13 (55.26)	-	-	52.13 (55.26)
Total	39.52 (128.24)	52.13 (55.26)	-	-	91.65 (183.50)
Sale of medical consumables and drugs and Services					
Narayana Hrudayalaya Limited	28.98 (0.99)	-	-	-	28.98 (0.99)
Narayana Vaishno Devi Specialty Hospitals Private Limited	-	2.60	-	-	2.60
Short-term employee benefits*					
Ravindra KS	-	-	-	52.39 (46.79)	52.39 (46.79)
Hemish Purushottam	-	-	-	17.71 (14.86)	17.71 (14.86)
Total	-	-	-	70.10 (61.65)	70.10 (61.65)

Figures in brackets are for the previous year

Note:

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.



33 Related party disclosures (continued)

c) The balances receivable from and payable to related parties

(₹ in lakhs)

Balances	Enterprise having control over the company	Entity under control/ joint control of fellow subsidiary, KMP/KMP of Holding company and their relatives	Associate of Holding Company	Total
Trade payables				
Narayana Hrudayalaya Limited	418.93 (295.26)	- -	- -	418.93 (295.26)
Amaryllis Healthcare Private Limited	- -	0.79 (5.99)	- -	0.79 (5.99)
Total	418.93 (295.26)	0.79 (5.99)	- -	419.72 (301.25)
Trade receivables				
Narayana Hrudayalaya Limited	- (0.99)	- -	- -	- (0.99)
Narayana Vaishno Devi Specialty Hospitals Private Limited	- -	2.60 -	- -	2.60 -
Corporate guarantee given / released by the holding company (Net)				
Narayana Hrudayalaya Limited	7,100.00 (7,100.00)	- -	- -	7,100.00 (7,100.00)
Unsecured loan given by the holding company				
Narayana Hrudayalaya Limited	725.00 -	- -	- -	725.00 -

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.



34 Earnings/(Loss) per share

Basic and diluted loss per share

The calculation of basic and diluted earnings/ (loss) per share for the year ended March 31, 2020 was based on loss attributable to equity shareholders of ₹ 3,779.80 lakhs (March 31, 2019: ₹ 3,460.36 lakhs) and weighted average number of equity share outstanding 2,18,48,592 (March 31, 2019: 1,98,87,653).

Particulars	(₹ in lakhs, except no of shares)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/ (loss) after tax	(3,779.80)	(3,460.36)
Total no of shares outstanding	2,14,65,400	1,91,34,500
Effect of shares issued during the year	3,83,192	7,53,153
Weighted average number of equity shares (basic/diluted) for the year	2,18,48,592	1,98,87,653
Basic and diluted earnings/(loss) per share (₹)	(17.30)	(17.40)
(Nominal value per share ₹ 10)		

35 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, 2020 and March 31, 2019 was as follows:

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Total equity attributable to the equity shareholders of the Company	(545.35)	1,237.82
As a percentage of total capital	-12%	21%
Long-term borrowings including current maturities	3,248.68	3,935.81
Short-term borrowings	1,809.66	809.49
Total borrowings	5,058.34	4,745.30
As a percentage of total capital	112%	79%
Total capital (Equity and Borrowings)	4,512.99	5,983.12

36 Healthcare Service Agreement with Dharamshila Cancer Foundation and Research Centre (DCFRC)

On March 31, 2017, Company entered into Healthcare Services Agreement ("Agreement") with Dharamshila Cancer Foundation and Research Centre ("Society"). Accordingly, the Company 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 the Company with the Society attracts the application of business combination as per IND AS103. The Company 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 ₹ 1,800 lakhs per annum with an annual escalation of 5% during the term the Company 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 the Company 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:

Component	(₹ in lakhs)	
	Acquisition date fair value	
Property, plant and equipment		3,576.81
Right to use building		1,639.36
Intangible assets		4,637.00
Total		9,853.17
Goodwill		790.00
Total purchase price		10,643.17

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 ₹ 790 lakhs comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

The Company has paid an interest-free refundable security deposit amounting to ₹ 1,000 lakhs 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 38 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.



37 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

	(₹ in lakhs)	
	Amortised cost	Total
As at March 31, 2020		
Financial assets		
Trade receivables	3,037.68	3,037.68
Cash and cash equivalents	699.68	699.68
Bank balances other than above	1.00	1.00
Loans	669.70	669.70
Other financial assets	978.64	978.64
	5,386.70	5,386.70
Financial liabilities		
Borrowings	4,371.21	4,371.21
Lease liabilities	767.51	767.51
Trade payables	4,058.95	4,058.95
Other financial liabilities	11,269.00	11,269.00
	20,466.67	20,466.67
As at 31 March 2019		
Financial assets		
Trade receivables	2,948.83	2,948.83
Cash and cash equivalents	303.95	303.95
Bank balances other than above	1.00	1.00
Loans	618.46	618.46
Other financial assets	443.13	443.13
	4,315.37	4,315.37
Financial liabilities		
Borrowings	3,888.17	3,888.17
Trade payables	3,521.44	3,521.44
Other financial liabilities	11,333.66	11,333.66
	18,743.27	18,743.27

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 ₹ 3,710.06 lakhs (March 31, 2019: ₹ 3,315.25 lakhs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Allowance for credit loss		
Opening balance	366.42	175.80
Expected credit loss recognised	277.90	190.62
Closing balance	644.32	366.42

No single customer accounted for more than 10% of the revenue as of March 31, 2020 and March 31, 2019. There is no significant concentration of credit risk.

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

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. In addition, the Company maintains line of credit as stated in Note 13.

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

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

	(₹ in lakhs)				
Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	2,666.79	708.52	562.84	433.06	4,371.21
Lease liabilities	81.86	108.98	196.58	380.09	767.51
Trade payables	4,058.95	-	-	-	4,058.95
Other financial liabilities	2,062.97	9,165.19	38.98	1.86	11,269.00
Total	8,870.57	9,982.69	798.40	815.01	20,466.67



37 Financial instruments: Fair value and risk managements (continued)

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2019:

₹ in lakhs					
Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	1,666.62	1,395.65	1,249.97	433.06	4,745.30
Trade payables	3,521.44	-	-	-	3,521.44
Other financial liabilities	674.50	624.04	3,193.48	5,984.51	10,476.53
Total	5,862.56	2,019.69	4,443.45	6,417.57	18,743.27

(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.

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.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of reporting period with respect to long term borrowings with variable interest rates from banks are as follows.

₹ in lakhs		
Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate long term borrowings including current maturities	-	-
Total borrowings	-	-

(b) Sensitivity

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.

₹ in lakhs				
Particulars	Impact on profit or loss		Impact on other components of equity	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Sensitivity				
1% increase in MCLR rate	-	-	-	-
1% decrease in MCLR rate	-	-	-	-

The interest rate sensitivity is based on the closing balance of secured term loans from banks.

38 Exceptional items

The Company has 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") due to the continued losses incurred in the CGU. Based on the detailed impairment evaluation carried out by the Company duly considering the future cash flows of the CGU, the Company has recorded an impairment of ₹ 1086.99 lakhs during the quarter and year ended March 31, 2020 pertaining to the carrying value for tangible, intangible assets and goodwill (hereinafter collectively referred to as ("Assets")) and has disclosed the same as an exceptional item in the Statement of Profit and Loss.

39 On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and suggested guidelines for containment and mitigation worldwide. As the operations of the Company have been affected in the short term, the Management expects some slide in revenue due to reduction in patient inflow. As at March 31, 2020, the Management has used internal and external sources of information upto the date of approval of these financial statements/ results in determining the impact of the COVID-19 pandemic on various elements of the financial statements/results. The Management has used the principles of prudence in developing estimates, assumptions, exercising judgements and performing sensitivity analysis. Based on the current estimates, the Company expects to fully recover the carrying amount of its assets as at 31 March 2020. The eventual outcome of the impact of the pandemic may be different from those estimated as on the date of approval of these financial statements.

40 Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

For and on behalf of the Board of Directors of
Narayana Hrudayalaya Surgical Hospital Private Limited

Dr. Dev Prasad Shetty
Director
DIN: 00252187
Place: Bengaluru
Date: June 15, 2020

Dr. Emmanuel Rupert
Director
DIN: 07010883
Place: Bengaluru
Date: June 15, 2020

Ravindra KS
Chief Financial Officer
Place: Bengaluru
Date: June 15, 2020

Hemish Purushottam
Company Secretary
Place: Bengaluru
Date: June 15, 2020

