

**INDEPENDENT AUDITOR'S REPORT
To The Members of Narayana Health Institutions Private Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the accompanying financial statements of **Narayana Health Institutions Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter 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 31 March 2021, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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

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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.

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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.

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 relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any managerial remuneration during the year ended March 31, 2021 and hence reporting under section 197 of the Act is not applicable.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company did 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.

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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:- 21047840AAAACK8126

Place:- Ahmedabad
Date :- May 31, 2021

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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 Health Institutions Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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



Monisha Parikh
Partner

(Membership No. 47840)
UDIN:- 21047840AAAACK8126

Place:- Ahmedabad
Date :- May 31, 2021

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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) The Company does not have any fixed assets and hence reporting under clause (i) is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and did not have any unclaimed deposits.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues applicable to it, to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Customs Duty, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Customs Duty, Goods and Service Tax which have not been deposited as on March 31, 2021 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid any managerial remuneration during the year ended March 31, 2021 and hence reporting under clause (xi) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) The Company is a private company and hence the provisions of section 177 are 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

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transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



Monisha Parikh

Partner

(Membership No. 47840)

UDIN:- 21047840AAAACK8126

Place:- Ahmedabad

Date :- May 31, 2021

Narayana Health Institutions Private Limited
Balance Sheet

(₹ in thousands)

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Other non-current assets	4	10.00	10.00
Total non-current assets		10.00	10.00
Current assets			
Financial assets			
Cash and cash equivalents	5 (a)	108.94	609.03
Bank balances other than above	5 (b)	500.00	-
Total current assets		608.94	609.03
TOTAL ASSETS		618.94	619.03
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6 (a)	11,040.40	11,040.40
Other equity	6 (b)	(11,800.01)	(11,665.10)
Total equity		(759.61)	(624.70)
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	7	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		140.30	143.00
Other current liabilities	8	1,238.25	1,100.73
Total current liabilities		1,378.55	1,243.73
TOTAL EQUITY AND LIABILITIES		618.94	619.03
Significant accounting policies	3		

The accompanying notes form an integral part of these Financial Statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Monisha Parikh

Monisha Parikh
Partner

Place: Ahmedabad
Date: May 31, 2021

For and on behalf of the Board of Directors of
Narayana Health Institutions Private Limited

Dr. Devi Prasad Shetty
Dr. Devi Prasad Shetty
Director
DIN : 00252187

Place: Bengaluru
Date: May 31, 2021

Viren Prasad Shetty
Viren Prasad Shetty
Director
DIN: 02144586

Place: Bengaluru
Date: May 31, 2021



Narayana Health Institutions Private Limited
Statement of Profit and Loss

(₹ in thousands)

Particulars	Note No	For the year ended March 31, 2021	For the year ended March 31, 2020
Income			
Other income	9	-	99.63
Total Income (A)		-	99.63
Expenses			
Other expenses	10	134.91	142.11
Expenses before depreciation and amortisation and finance costs (B)		134.91	142.11
Earnings before depreciation and amortisation, finance costs and tax (A-B)		(134.91)	(42.48)
Finance costs (C)		-	-
Depreciation and amortisation expense (D)		-	-
Total Expenses (E)=(B+C+D)		134.91	142.11
Loss before tax (F)=(A-E)		(134.91)	(42.48)
Tax expense			
Current tax		-	-
Deferred tax charge / (credit)		-	-
Total tax expense (G)		-	-
Loss for the year (H)=(F-G)		(134.91)	(42.48)
Other comprehensive income		-	-
Total comprehensive income for the year		(134.91)	(42.48)
Earnings per share			
Basic and diluted (₹)	16	(0.12)	(0.04)
Significant accounting policies	3		

The accompanying notes form an integral part of these Financial Statements

As per our report of even date attached


For Deloitte Haskins & Sells LLP
Chartered Accountants



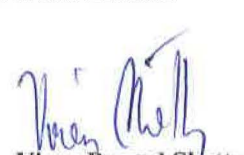
Monisha Parikh
Partner

Place: Ahmedabad
Date: May 31, 2021

For and on behalf of the Board of Directors of
Narayana Health Institutions Private Limited


Dr. Devi Prasad Shetty
Director
DIN : 00252187

Place: Bengaluru
Date: May 31, 2021


Viren Prasad Shetty
Director
DIN: 02144586

Place: Bengaluru
Date: May 31, 2021



Narayana Health Institutions Private Limited
Statement of changes in equity for the year ended March 31, 2021

(a) Equity share capital			(₹ in thousands except no. of shares)	
Particulars	No. of Shares	Amount		
Equity shares of ₹ 10 each issued, subscribed and fully paid up				
Balance as at April 1, 2019	1,104,040	11,040.40		
Changes in equity share capital during 2019-20	-	-		
Balance as at March 31, 2020	1,104,040	11,040.40		
Changes in equity share capital during 2020-21	-	-		
Balance as at March 31, 2021	1,104,040	11,040.40		

(b) Other equity				(₹ in thousands)	
Particulars	Reserves and Surplus	Items of OCI	Total equity		
	Retained earnings				
Balance as at April 1, 2019	(11,622.62)	-	(11,622.62)		
Loss for the year	(42.48)	-	(42.48)		
Other comprehensive income for the year	-	-	-		
Total comprehensive income for the year	(42.48)	-	(42.48)		
Balance as at March 31, 2020	(11,665.10)	-	(11,665.10)		
Loss for the year	(134.91)	-	(134.91)		
Other comprehensive income for the year	-	-	-		
Total comprehensive income for the year	(134.91)	-	(134.91)		
Balance as at March 31, 2021	(11,800.01)	-	(11,800.01)		

The accompanying notes form an integral part of these Financial Statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Monisha Parikh

Monisha Parikh
Partner

Place: Ahmedabad
Date: May 31, 2021

For and on behalf of the Board of Directors of
Narayana Health Institutions Private Limited

Dr. Devi Prasad Shetty
Dr. Devi Prasad Shetty
Director
DIN : 00282187

Place: Bengaluru
Date: May 31, 2021

Viren Prasad Shetty
Viren Prasad Shetty
Director
DIN: 02144586

Place: Bengaluru
Date: May 31, 2021



Narayana Health Institutions Private Limited
Statement of cash flows

	(₹ in thousands)	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Loss for the year	(134.91)	(42.48)
Operating cash flow before working capital changes	(134.91)	(42.48)
Changes in loans, financial assets and other assets	-	-
Changes in trade payables and other liabilities	134.82	18.38
Net cash used in operating activities (A)	(0.09)	(24.10)
Investment in bank deposit	(500.00)	-
Net Cash used in investing activities (B)	(500.00)	-
Cash flow from financing activities (C)	-	-
Net decrease in cash and cash equivalents (A+B+C)	(500.09)	(24.10)
Cash and cash equivalents at the beginning of the year	609.03	633.13
Cash and cash equivalents at the end of the year (refer note 5)	108.94	609.03

Significant accounting policies

3

The accompanying notes form an integral part of these Financial Statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Monisha Parikh

Monisha Parikh
Partner

Place: Ahmedabad
Date: May 31, 2021

For and on behalf of the Board of Directors of
Narayana Health Institutions Private Limited

Dr. Devi Prasad Shetty
Dr. Devi Prasad Shetty
Director
DIN : 00252187

Place: Bengaluru
Date: May 31, 2021

Viren Prasad Shetty
Viren Prasad Shetty
Director
DIN: 02144586

Place: Bengaluru
Date: May 31, 2021



Narayana Health Institutions Private Limited

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

1. Company overview

Narayana Health Institutions Private Limited ('the Company') is a private limited Company incorporated under the provisions of the Companies Act, 1956 on July 1, 2008. The Company is a Wholly Owned Subsidiary of Narayana Hrudayalaya Limited. The Company proposes to engage itself in establishing medical colleges, schools, and institutions to offer educational courses in medical services and engage in research and development work associated with medical science.

2. Basis of preparation of the financial statements

2.1. Statement of compliance

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

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

Details of the accounting policies are included in Note 3.

2.2 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 Indian Rupees Thousands, 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 recognized prospectively.



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.

b. Classification and subsequent measurement

Financial assets

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

- amortised cost;
- FVTPL

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

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

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows.
- terms that may adjust the contractual coupon rate, including variable interest rate features.
- prepayment and extension features; and



- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and 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 the statement of profit and loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statement of profit and loss. Any gain or loss on derecognition is also recognised in the Statement of profit and loss.

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 the Statement of profit and loss.

d. Offsetting

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

3.2. 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.

3.3. Cash flow statement

Cash flows are reported using the indirect method, whereby 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 equivalent, as they form an integral part of an entity's cash management.

3.4. Earning per share

The Profit / (Loss) per share is computed by dividing the Profit / loss attributable to equity shareholders for the year 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.

3.5. Income tax

The Income-tax expense comprises current tax and deferred tax. It is recognised in profit and loss except to the extent that it relates to an item recognised 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 recognised 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.

b



Notes to the financial statements for the year ended March 31, 2021 (continued)

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

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

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

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

3.6. Provisions and contingencies

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

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

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

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

3.7 Recent pronouncements:

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

Balance Sheet:

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



Narayana Health Institutions Private Limited

Notes to the financial statements for the year ended March 31, 2021 (continued)

- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

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

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



Narayana Health Institutions Private Limited
Notes to Financial Statements for the year ended March 31, 2021

4 Other non-current assets		(₹ in thousands)	
Particulars	As at March 31, 2021	As at March 31, 2020	
To parties other than related parties			
Unsecured, considered doubtful			
Capital advances (Refer note 14)	10,075.00	10,075.00	
Less: Provision for doubtful advances	(10,075.00)	(10,075.00)	
Capital advances (net)	-	-	
Unsecured, considered good			
Security deposits	10.00	10.00	
	10.00	10.00	

5 Cash and cash equivalents		(₹ in thousands)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(a) Balance with banks			
- On current accounts	108.94	609.03	
	108.94	609.03	
(b) Bank balances other than above			
- In deposit accounts (due to mature within 12 months of the reporting date)	500.00	-	
	500.00	-	

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

Particulars	As at March 31, 2021	As at March 31, 2020	
Balance with banks			
- On current accounts	108.94	609.03	
Cash and cash equivalents in the statement of cash flows	108.94	609.03	

6 (a) Equity share capital		(₹ in thousands)	
Particulars	As at March 31, 2021	As at March 31, 2020	
Authorised			
11,50,000 equity shares of ₹ 10 each	11,500.00	11,500.00	
Issued, subscribed and paid up			
11,04,040 equity shares of ₹ 10 each, fully paid up	11,040.40	11,040.40	
	11,040.40	11,040.40	

Reconciliation of the equity shares outstanding at the beginning and at the end of the year		(₹ in thousands except no. of shares)			
Particulars	As at March 31, 2021		As at March 31, 2020		
	Number of shares	Amount	Number of shares	Amount in Rs.	
At the beginning of the year	1,104,040	11,040.40	1,104,040	11,040.40	
Issued during the year	-	-	-	-	
At the end of the year	1,104,040	11,040.40	1,104,040	11,040.40	



Narayana Health Institutions Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Rights, preference and restriction attached to equity shares

The Company has one 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.

Particulars of shareholders holding more than 5% shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares*	% holding	Number of shares*	% holding
Narayana Hrudayalaya Limited	1,104,034	99.99%	1,104,034	99.99%
	1,104,034	99.99%	1,104,034	99.99%

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 bonus shares or shares issued for consideration other than cash during the period of five years immediately preceding the last balance sheet date.

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

6 (b) Other equity		(₹ in thousands)	
Particulars		As at	As at
		March 31, 2021	March 31, 2020
Retained earnings			
At the commencement of the year		(11,665.10)	(11,622.62)
Add: Net loss from statement of profit and loss		(134.91)	(42.48)
At the end of the year		(11,800.01)	(11,665.10)

Retained earnings comprise the Company's prior years' undistributed earnings after taxes / accumulated losses

7 Trade payables		(₹ in thousands)	
Particulars		As at	As at
		March 31, 2021	March 31, 2020
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		140.30	143.00
		140.30	143.00

The Company's exposure to liquidity risk related to trade payables is disclosed in note 19

8 Other current liabilities		(₹ in thousands)	
Particulars		As at	As at
		March 31, 2021	March 31, 2020
To related parties (refer note 18)			
Due to reimbursement of expenses		1,238.25	1,100.73
		1238.25	1,100.73



Narayana Health Institutions Private Limited
Notes to Financial Statements for the year ended March 31, 2021

9 Other income		(₹ in thousands)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Provision no longer required written back	-	99.63
	-	99.63

10 Other expenses		(₹ in thousands)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Legal and professional fees (see note (i) below)	134.30	142.11
Rates and taxes	0.61	-
	134.91	142.11

Note (i) :
Legal and professional fees includes payment to auditors (Audit fees excluding GST) of ₹ 100.00 thousands (March 31, 2020: ₹ 100.00 thousands)





Narayana Health Institutions Private Limited
Notes to Financial Statements for the year ended March 31, 2021

11 Contingent liabilities and commitments

(i) Contingent liabilities

The Company does not have any contingent liability as on March 31, 2021 (March 31, 2020 - Nil)

(ii) Commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and other commitments and not provided for amounts to Nil (March 31 2020: Nil).

12 Segment reporting

Operating segments and Geographical information

The Company has not yet commenced its operations. It intends to engage in 'Medical education services'. Hence, segment information as per Ind AS 108 – 'Operating Segments' is not disclosed.

Operating segments and 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. The Company's sole geographical segment is 'India'. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

- 13** According to the information available with the Company, there are no dues payable to Micro, Small and Medium Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2021 (March 31, 2020: Nil).

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

- 14** The Company with an intention to start one of their project, identified land (property) at Karnataka. As per the understanding between Karnataka Industrial Area Development Board (KIADB) and the Company, it is necessary that the Company gets the consent of the owners of the said property to get the land registered in its name. The Company entered into a Memorandum of understanding on July 31, 2008 with a person to get the consent letters from the owners of the said land. The Company paid ₹10,000.00 thousands as advance to concerned person and the balance would be payable once the Company gets the consent from the owners of the land. The Company would capitalize this amount along with any other payment once the Company gets the land registered in its name. Since this is long outstanding and there has been no progress in the project, the same has been provided for during the financial year 2014-15 as the Company believes the advance paid is not recoverable.

15 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.

The Company has not borrowed any fund from any financial institution, therefore, the surplus/(deficit) remaining after accounting for all expenses is available only for the owners of the company. Accordingly, there are no additional disclosure to be provided under Ind AS 1, "Presentation of Financial Statements" other than those already provided in the financial statements.



Narayana Health Institutions Private Limited
Notes to Financial Statements for the year ended March 31, 2021

16 Earning per share

The calculation of basic and diluted loss per share for the year ended March 31, 2021 was based on loss attributable to equity shareholders of ₹ 134.91 thousands (March 31, 2020: ₹ 42.48 thousands) and weighted average number of equity share outstanding 11,04,040 (March 31, 2020: 11,04,040).

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loss for the year (₹ in thousands)	(134.91)	(42.48)
Weighted average number of equity shares outstanding for the year (Numbers)	1,104,040	1,104,040
Nominal value per share (₹)	10	10
Basic and diluted earning per share (₹)	(0.12)	(0.04)

17 Going Concern

The financial statements have been prepared on a going concern basis, notwithstanding the current cash losses and negative net worth.

The Company has received a letter of financial support from Narayana Hrudayalaya Limited, the holding company, which undertakes to provide financial and operational assistance as is necessary to enable the Company to operate as a going concern and meet its obligation as and when they fall due up to a period of one year from the balance sheet date i.e. March 31, 2022.

These financial statements, therefore, do not include any adjustments relating to recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Company was unable to continue as a going concern.

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18 Related party disclosures

(a) Details of related parties

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

(b) Transactions with related party during the year

Transactions	Enterprise having control over the Company	Total
(₹ in thousands)		
Reimbursement of expenses		
Narayana Hrudayalaya Limited	137.52	137.52
	(118.00)	(118.00)

Figures in brackets are for previous year.

(c) Balances payable to related parties

Transactions	Year	Enterprise having control over the Company	Total
(₹ in thousands)			
Other non-current liabilities- Due to reimbursement of expenses			
Narayana Hrudayalaya Limited	March 31, 2021	1,238.25	1,238.25
	March 31, 2020	(1,100.73)	(1,100.73)

Figures in brackets are for previous year.

Note:

(a) No amounts 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 their 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.



19 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

(₹ in thousands)								
As at March 31, 2021	FVOCI	FVTPL	Amortised cost	Total	Fair value			Total
					Level 1	Level 2	Level 3	
Financial assets								
Cash and cash equivalents	-	-	108.94	108.94	-	-	-	-
Bank balances other than above	-	-	500.00	500.00	-	-	-	-
	-	-	608.94	608.94	-	-	-	-
Financial liabilities								
Trade payables	-	-	140.30	140.30	-	-	-	-
	-	-	140.30	140.30	-	-	-	-
As at March 31, 2020								
Financial assets								
Cash and cash equivalents	-	-	609.03	609.03	-	-	-	-
	-	-	609.03	609.03	-	-	-	-
Financial liabilities								
Trade payables	-	-	143.00	143.00	-	-	-	-
	-	-	143.00	143.00	-	-	-	-

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.

(iii) Liquidity risk

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

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

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2021:						(₹ in thousands)
Particulars	less than 1 year	1-2 years	3-5 years	more than 5 years	Total	
Trade payables	140.30	-	-	-	140.30	
Total	140.30	-	-	-	140.30	

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2020:						(₹ in thousands)
Particulars	less than 1 year	1-2 years	3-5 years	more than 5 years	Total	
Trade payables	143.00	-	-	-	143.00	
Total	143.00	-	-	-	143.00	

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

Foreign currency risk

The Company is not exposed to foreign exchange risk.

[Signature]

For and on behalf of the Board of Directors of
Narayana Health Institutions Private Limited

[Signature]
Dr. Dev Prasad Shetty
Director
DIN: 00252187

[Signature]
Viren Prasad Shetty
Director
DIN: 02144586

Place: Bengaluru
Date: May 31, 2021

Place: Bengaluru
Date: May 31, 2021

