

INDEPENDENT AUDITOR'S REPORT

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TO THE MEMBERS OF NARAYANA HOSPITALS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Narayana Hospitals Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Loss), 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 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 loss, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.


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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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 Loss), 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 Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 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



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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, 2020 and hence reporting under section 197 of the Act is not applicable.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



Monisha Parikh
Partner
(Membership No.47840)
UDIN : 20047840AAAABL5249

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 Hospitals 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally

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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.

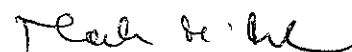
Inherent Limitations of Internal Financial Controls over Financial Reporting

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 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 : 20047840AAAABL5249

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)

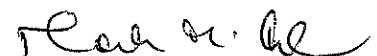
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building disclosed as fixed assets in the financial statement and hence reporting under (i)(c) of the Order is not applicable.
- (ii) The company does not have any inventory and hence reporting under clause (ii) of the Order 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 Provident Fund, Income-tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and 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 dues of Income-tax and Goods and Service Tax which have not been deposited as on March 31, 2020 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.

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- (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, 2020 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 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 : 20047840AAAABL5249

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

Narayana Hospitals Private Limited
Balance Sheet

₹ in thousands			
Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4 (a)	9.13	36.36
Investment property	4 (b)	19,84,466.03	19,89,735.39
Income tax assets (net)	5	3,734.97	3,734.97
Other non-current assets	6 (a)	96,932.88	1,13,897.75
Total non-current assets		20,85,143.01	21,07,404.47
Current assets			
Financial assets			
Trade receivables	7	33,449.37	29,347.68
Cash and cash equivalents	8	120.66	2,798.14
Bank balances other than above	8	3,400.00	-
Other financial assets	9	163.59	6.48
Other current assets	6 (b)	821.27	1,075.01
Total current assets		37,954.89	33,227.31
TOTAL ASSETS		21,23,097.90	21,40,631.78
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10 (a)	5,32,614.42	5,32,614.42
Other equity	10 (b)	1,31,874.09	1,34,980.80
Total equity		6,64,488.51	6,67,595.22
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	11 (a)	2,80,000.00	2,80,000.00
Other non-current liabilities	12 (a)	10,84,434.67	11,05,743.46
Provisions	15 (a)	254.91	223.72
Total non-current liabilities		13,64,689.58	13,85,967.18
Current liabilities			
Financial liabilities			
Borrowings	13	20,000.00	20,000.00
Trade payables		-	-
Total outstanding dues of micro enterprises and small enterprises	14	837.71	1,828.94
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Other financial liabilities	11 (b)	51,091.53	43,248.35
Other current liabilities	12 (b)	21,824.10	21,823.10
Provisions	15 (b)	166.47	168.99
Total current liabilities		93,919.81	87,069.38
TOTAL EQUITY AND LIABILITIES		21,23,097.90	21,40,631.78

Significant accounting policies

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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 Parild
Partner

Place: Bengaluru
Date: June 15, 2020



For and on behalf of the Board of Directors of
Narayana Hospitals Private Limited

Dr. Devi Prasad Shetty
Director
DIN : 00252187

Viren Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: June 15, 2020

Place: Bengaluru
Date: June 15, 2020

Murali Bhushyam
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: June 15, 2020

Place: Bengaluru
Date: June 15, 2020




Narayana Hospitals Private Limited
Statement of Profit and Loss

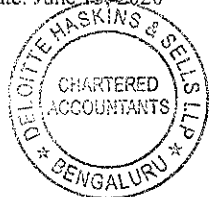
(₹ in thousands)			
Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from operations	16	9,000.00	9,000.00
Other income	17	22,192.02	21,308.79
Total income (A)		31,192.02	30,308.79
EXPENSES			
Employee benefits expenses	18	3,296.83	4,298.43
Other expenses	19	23,634.66	1,659.95
Expenses before depreciation and amortisation and finance costs (B)		26,931.49	5,958.38
Earnings before finance costs, depreciation and amortisation and tax (A-B) (EBITDA)		4,260.53	24,350.41
Finance costs (C)	20	2,123.80	2,118.00
Depreciation and amortisation expense (D)	21	5,280.71	5,489.11
Total Expenses (E)=(B+C+D)		34,336.00	13,565.49
Profit / (loss) before tax (F)=(A-E)		(3,143.98)	16,743.30
Tax expense			
(a) Current tax		-	-
(b) Deferred tax charge / (credit)		-	-
Total tax expense (G)		-	-
Profit / (loss) for the year(H)=(F)-(G)		(3,143.98)	16,743.30
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		37.27	13.02
Other comprehensive income for the year, net of income tax (I)		37.27	13.02
Total comprehensive income for the year (J)=(I)+(H)		(3,106.71)	16,756.32
Earnings per share			
Basic and diluted (₹)	32	(0.06)	0.31
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

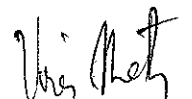
Place: Bengaluru
Date: June 15, 2020




For and on behalf of the Board of Directors of
Narayana Hospitals Private Limited



Dr. Devi Prasad Shetty
Director
DIN : 00252187

Place: Bengaluru
Date: June 15, 2020


Viren Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: June 15, 2020


Murati Bhushyam
Chief Financial Officer
Place: Bengaluru
Date: June 15, 2020


Sridhar S
Company Secretary
Place: Bengaluru
Date: June 15, 2020



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

(a) Equity share capital

(a) Equity share capital		(₹ in thousands)
Particulars	No. of Shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
Balance as at April 1, 2018	5,32,61,442	5,32,614.42
Changes in equity share capital during 2018-19	-	-
Balance as at March 31, 2019	5,32,61,442	5,32,614.42
Changes in equity share capital during 2019-20	-	-
Balance as at March 31, 2020	5,32,61,442	5,32,614.42

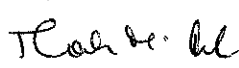
(b) Other equity

Particulars	Retained earnings	Remeasurements of the net defined benefit plans	(₹ in thousands)
			Total other equity
Balance as at April 1, 2018	1,18,224.48	-	1,18,224.48
Profit for the year	16,743.30	-	16,743.30
Other comprehensive income	-	13.02	13.02
Balance as at March 31, 2019	1,34,967.78	13.02	1,34,980.80
Loss for the year	(3,143.98)	-	(3,143.98)
Other comprehensive income	-	37.27	37.27
Balance as at March 31, 2020	1,31,823.80	50.29	1,31,874.09

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

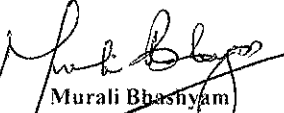
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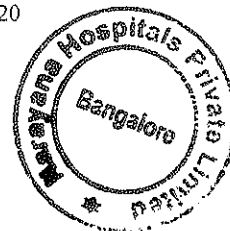



For and on behalf of the Board of Directors of
Narayana Hospitals Private Limited


Dr. Devi Prasad Shetty
Director
DIN : 00252187


Place: Bengaluru
Date: June 15, 2020


Murali Bhasnyam
Chief Financial Officer
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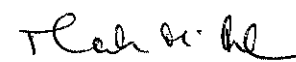
Narayana Hospitals Private Limited
Statement of cash flows

	(₹ in thousands)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities		
Profit before tax	(3,143.98)	16,743.30
Adjustments:		
Finance costs	2,123.80	2,118.00
Depreciation and amortisation expense	5,280.71	5,489.11
Property, plant and equipment written off	15.88	241.53
Prepaid Rent written off	22,202.22	-
Government grant	(21,308.79)	(21,308.79)
Provision no longer required written back	(600.00)	-
Interest Income	(157.11)	-
Interest income on income tax refund	(126.12)	-
Operating cash flow before working capital changes	4,286.61	3,283.15
Changes in trade receivables	(4,101.69)	(3,757.41)
Changes in other financial assets and other assets	(4,983.61)	925.01
Changes in trade payables and other financial liabilities	5,395.09	448.60
Cash generated from/ (used in) operations	596.40	899.35
Income taxes (paid)/refund	126.12	(900.00)
Net cash generated from/ (used in) operating activities (A)	722.52	(0.65)
Cash (used in) investing activities (B)	-	-
Cash flow from financing activities		
Net cash flow from financing activities (C)	-	-
Net decrease in cash and cash equivalents (A+B+C)	722.52	(0.65)
Cash and cash equivalents at the beginning of the year	2,798.14	2,798.79
Cash and cash equivalents at the end of the year (refer note 8)	3,520.66	2,798.14

The accompanying notes are an integral part of these financial statements.

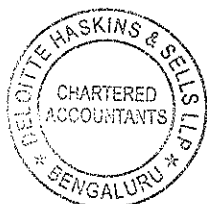
As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

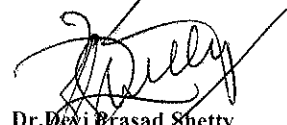


Monisha Parikh
Partner

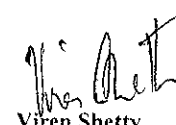
Place: Bengaluru
Date: June 15, 2020



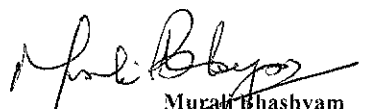
For and on behalf of the Board of Directors of
Narayana Hospitals Private Limited

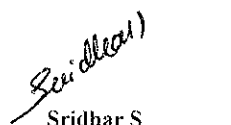

Dr. Devi Prasad Shetty
Director
DIN : 00252187-

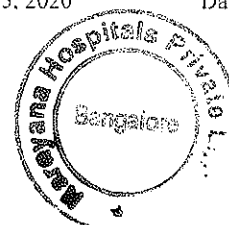
Place: Bengaluru
Date: June 15, 2020


Viren Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: June 15, 2020


Murali Bhashyam
Chief Financial Officer
Place: Bengaluru
Date: June 15, 2020


Sridhar S
Company Secretary
Place: Bengaluru
Date: June 15, 2020



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Narayana Hospitals Private Limited

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

1. Company overview

Narayana Hospitals Private Limited ('the Company') was incorporated on 10 May 2004 under the Companies Act, 1956. The Company is a wholly owned subsidiary of Narayana Hrudayalaya Limited.

The Company is engaged in establishing, promoting, owning, letting, managing and maintaining hospitals, clinics, health centres, nursing homes in all disciplines of medical 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 accounting policies are included in Note 3.

2.2. Going Concern

Whilst the current liabilities of the Company exceed its current assets as at March 31, 2020, 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

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.



Narayana Hospitals Private Limited

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

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

Judgements

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

- Note 24 – leases
- Note 35 – financial instruments

Assumptions and estimation uncertainties

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

- Note 25 – recognition of deferred tax assets
- Note 22 – recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 4 (a) - useful life of property, plant and equipment

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 categorised 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 categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in the following notes:

Note 35 – 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 Hospitals 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 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.



Narayana Hospitals 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 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 statement of profit and loss. Any gain or loss on derecognition is recognised in 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 statement of profit and 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 statement of profit and loss. Any gain or loss on derecognition is also recognised in 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.

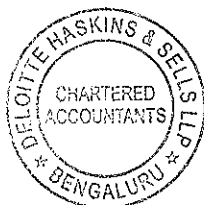
Financial liabilities

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 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.



Narayana Hospitals Private Limited

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

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 net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

3.4. Revenue recognition

Rental income

Rental income from investment property is recognised as a part of revenue from operations in statement of profit and loss.

3.5. Property, Plant and Equipment

Recognition and measurement

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

Depreciation and amortization

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term. Freehold land is not depreciated. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Block of assets	Useful life
Building	60 years
Medical equipment	13 years
Other equipment	15 years
Furniture and fixtures	10 years
Computers	3 years

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

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



Narayana Hospitals Private Limited

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

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.

3.6. Employee benefits

Short term employee benefits

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

Post-employment benefits

Defined benefit plans

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

The gratuity scheme is administered by a third party. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the net defined obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the statement of profit and loss. The Company recognizes gains and losses in the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

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

Compensated absences

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

3.7. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.



Narayana Hospitals Private Limited

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

3.8. 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.

3.9. Leases

On 30 March 2019, the Ministry of Corporate Affairs ("MCA"), notified Ind AS 116 "Leases" as part of the Companies (Indian Accounting Standards) Amendment Rules, 2019. The said standard is applicable for the accounting periods beginning on or after 1 April 2019. There is no impact of the said standard on the financial statements of the Company.

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

3.10. Earnings per share

The Earnings per share is computed by dividing the earnings 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.

3.11. Income tax

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

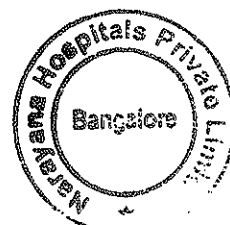
Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences.

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

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



Narayana Hospitals Private Limited

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

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 realised simultaneously.

3.12. 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.

3.13. Impairment

Impairment of non-financial assets

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

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

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

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. Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation.

Based on the technical evaluation and consequent advice, the Management believes a period of 60 years as representing the best estimate for the period over which investment property in the nature of Building



Narayana Hospitals Private Limited

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

are expected to be used which is in line with the indicative useful life mentioned in Part C of Schedule II of the Act.

Any gain or loss on disposal of an investment property is recognized in the statement of profit and loss.

The fair value disclosed in the notes is based on the fair value as determined by the Management.

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.

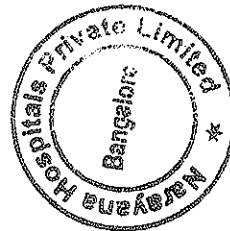


4 (a) Property, plant and equipment (2019- 20)

Particulars	Gross block				Accumulated depreciation		Net block	
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	Depreciation	As at March 31, 2020	As at March 31, 2019
Tangible assets (owned)	94.11	-	-	94.11	94.11	-	-	-
Leasehold improvements	197.12	-	114.40	82.72	173.08	8.57	79.82	24.04
Medical equipments	54.98	-	17.83	37.15	42.66	2.78	30.92	12.32
Other equipments	255.31	-	-	255.31	255.31	-	255.31	-
Furniture and fixtures	314.25	-	314.25	-	314.25	-	-	-
Computers	915.77	-	446.48	469.29	879.41	11.35	460.16	36.36
Total - A								

4 (a) Property, plant and equipment (2018 - 19)

Particulars	Gross block				Accumulated depreciation		Net block	
	As at April 1, 2018	Additions	Deletions	As at March 31, 2019	As at April 1, 2018	Depreciation	As at March 31, 2019	As at March 31, 2018
Tangible assets (owned)	94.11	-	-	94.11	94.11	-	-	-
Leasehold improvements	2,997.12	-	2,800.00	197.12	2,501.07	230.48	173.08	496.05
Medical equipments	54.98	-	-	54.98	38.99	3.67	42.66	15.99
Other equipments	255.31	-	-	255.31	255.31	-	255.31	-
Furniture and fixtures	314.25	-	-	314.25	314.25	-	314.25	-
Computers	3,715.77	-	2,800.00	915.77	3,203.73	234.15	879.41	512.04
Total - A								



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

4 (b) Investment property (2019 - 20)

Particulars	Gross block			Accumulated depreciation			Net block	
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	Depreciation	As at March 31, 2020	As at March 31, 2019
Owned Building**	3,14,668.01	-	-	3,14,668.01	44,292.02	5,269.36	2,65,106.63	2,70,375.99
Leases	17,23,694.48	-	-	17,23,694.48	4,335.08	-	17,19,359.40	17,19,359.40
Leasehold Land for perpetuity (i)	20,38,362.49	-	-	20,38,362.49	48,627.10	5,269.36	19,89,466.03	19,89,735.39
Total carrying value								
Fair value							34,24,249.07	31,54,757.37

4 (b) Investment property (2018 - 19)

Particulars	Gross block			Accumulated depreciation			Net block	
	As at April 1, 2018	Additions	Deletions	As at March 31, 2019	As at April 1, 2018	Depreciation	As at March 31, 2019	As at March 31, 2018
Owned Building**	3,14,668.01	-	-	3,14,668.01	39,037.06	5,254.96	2,70,375.99	2,75,630.95
Leases	17,23,694.48	-	-	17,23,694.48	4,335.08	-	17,19,359.40	17,19,359.40
Leasehold Land (i)	20,38,362.49	-	-	20,38,362.49	43,372.14	5,254.96	19,89,735.39	19,94,990.35
Total carrying value								
Fair value							31,54,757.37	29,06,481.04

(i) Leasehold land represents land allotted by various government authorities/ agencies in the states of Gujarat and Rajasthan. There are certain conditions including setting up of hospitals with certain capacity within certain timelines as specified in the terms of the allotment. Refer Note 29 of the Standalone Financial Statements

** The building is constructed on leasehold land received from Jaipur Development Authority

The lease hold land in Jaipur along with the Building, having carrying value ₹ 333,165.57 thousands (31 March 2019 : ₹ 338,434.93 thousands) is given as an equitable mortgage for term loan ₹ 350,000.00 thousands taken by Narayana Hrudayalaya Surgical Hospital Private Limited and ₹ 255,000.00 thousands (31 March 2019 : ₹ 270,000.00 thousands) taken by Narayana Hrudayalaya Limited from Bank.

(i) Measurement of fair values

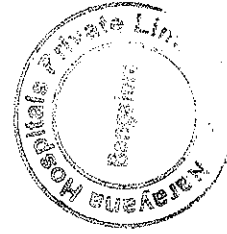
The fair value of investment property has been determined by the Management. The fair value measurement for all the investment properties has been categorised as a Level 3 fair valuation based on the inputs for the valuation technique used.

(ii) Valuation technique

The Management has used a combination of DLC rates (District Level Committee) rates, earlier valuation reports and valuation determined for other purposes and adjusted it using risk adjusted discount rates.

(iii) Lease arrangements

Investment property comprises leasehold land and building properties that are leased to Narayana Hrudayalaya Limited. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.



5 Income tax assets (net)		(₹ in thousands)	
Particulars	As at	As at	
	March 31, 2020	March 31, 2019	
Advance income tax and tax deducted at source, net	3,734.97	3,734.97	
	3,734.97	3,734.97	

6 Other assets		(₹ in thousands)	
(Unsecured and considered good, unless stated otherwise)			
Particulars	As at	As at	
	March 31, 2020	March 31, 2019	
(a) Non-current			
To parties other than related parties			
Security deposit	150.00	150.00	
Prepaid rent (refer note 31)	-	22,075.35	
Capital advances	95,961.61	90,029.86	
Prepaid expenses	821.27	1,642.54	
	96,932.88	1,13,897.75	
(b) Current			
To parties other than related parties			
Prepaid rent (refer note 31)	-	253.74	
Prepaid expenses	821.27	821.27	
	821.27	1,075.01	

7 Trade receivables		(₹ in thousands)	
Particulars	As at	As at	
	March 31, 2020	March 31, 2019	
Current			
Unsecured			
Considered good	33,449.37	29,347.68	
Considered doubtful	-	-	
Less: Allowances for credit losses	-	-	
	33,449.37	29,347.68	

The Group's exposure to credit and currency risks and loss allowance related to trade receivables are disclosed in note 35.

8 Cash and cash equivalents		(₹ in thousands)	
Particulars	As at	As at	
	March 31, 2020	March 31, 2019	
(a) Balance with banks			
- On current accounts	120.66	2,798.14	
	120.66	2,798.14	
(b) Bank balances other than above			
- In deposit accounts (due to mature within 12 months of the reporting date)	3,400.00	-	
	3,400.00	-	

9 Other financial assets		(₹ in thousands)	
Particulars	As at	As at	
	March 31, 2020	March 31, 2019	
Current			
To parties other than related parties			
Interest accrued on fixed deposits but not due	157.11	-	
Others	6.48	6.48	
	163.59	6.48	



10 (a) Equity share capital

Particulars	(₹ in thousands)	
	As at March 31, 2020	As at March 31, 2019
Authorised		
5,40,00,000 equity shares of ₹ 10 each	5,40,000.00	5,40,000.00
Issued, subscribed and paid up		
5,32,61,442 equity shares of ₹ 10 each, fully paid up	5,32,614.42	5,32,614.42
	5,32,614.42	5,32,614.42

Reconciliation of the equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	5,32,61,442	5,32,614.42	5,32,61,442	5,32,614.42
Shares issued during the year	-	-	-	-
At the end of the year	5,32,61,442	5,32,614.42	5,32,61,442	5,32,614.42

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.

Shares held by Holding Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Narayana Hrudayalaya Limited	5,32,61,436	5,32,614.36	5,32,61,436	5,32,614.36
	5,32,61,436	5,32,614.36	5,32,61,436.00	5,32,614.36

Particulars of shareholders holding more than 5% shares

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
Narayana Hrudayalaya Limited	5,32,61,436	100%	5,32,61,436	100%
	5,32,61,436	100%	5,32,61,436.00	100%

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.

10 (b) Other Equity

Particulars	(₹ in thousands)	
	As at March 31, 2020	As at March 31, 2019
Reserve and Surplus		
Retained earnings		
At the commencement of the year	1,34,967.78	1,18,224.48
Add: Net profit transferred from statement of profit and loss	(3,143.98)	16,743.30
At the end of the year	1,31,823.80	1,34,967.78
Other Comprehensive Income		
At the commencement of the year	13.02	-
Add: Net profit transferred from statement of profit and loss	37.27	13.02
At the end of the year	50.29	13.02
	1,31,874.09	1,34,980.80



11 Other financial liabilities			(₹ in thousands)
Particulars	As at March 31, 2020	As at March 31, 2019	
(a) Non-current			
From related parties (refer note 28)			
Deposit	2,80,000.00	2,80,000.00	
(b) Current			
From parties other than related parties			
Creditors for capital goods	41,522.23	35,590.48	
From related parties (refer note 28)			
Interest accrued but not due on loan	9,569.30	7,657.87	
	51,091.53	43,248.35	

The Company's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note 35.

12 Other liabilities			(₹ in thousands)
Particulars	As at March 31, 2020	As at March 31, 2019	
(a) Non-current			
To parties other than related parties			
Deferred government grant *	10,84,434.67	11,05,743.46	
(b) Current			
To parties other than related parties			
Deferred government grant *	21,308.79	21,308.79	
Due to statutory/ government authorities	515.31	514.31	
	21,824.10	21,823.10	

*The Company had been allotted land at concessional rate from Government of Rajasthan and Gujarat in the financial year 2007-08 and 2008-09 respectively for setting up hospitals. The Company has recognized all the grants as deferred income at fair value. The deferred income pertaining to land is being amortised over the life of the building.

Summary of the government grant received by the Company and its annual amortisation:-			(₹ in thousands)
Particulars	As at March 31, 2020	As at March 31, 2019	
Opening Balance	11,27,052.25	11,48,361.04	
Add: Grants during the year	-	-	
Less: Released to profit or loss	21,308.79	21,308.79	
Less: Reversal of Government Grant	-	-	
Closing Balance	11,05,743.46	11,27,052.25	
Current Portion	21,308.79	21,308.79	
Non-Current Portion	10,84,434.67	11,05,743.46	
	11,05,743.46	11,27,052.25	

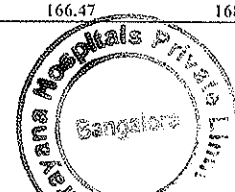
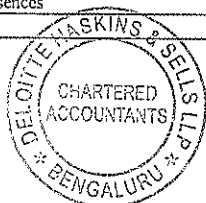
13 Borrowings			(₹ in thousands)
Particulars	As at March 31, 2020	As at March 31, 2019	
Current			
From related parties (refer note 28)			
Unsecured loan	20,000.00	20,000.00	
	20,000.00	20,000.00	

During the financial year 2014-15, the Company has received a short term unsecured loan of ₹ 20,000.00 thousands from Narayana Hrudayalaya Limited which is repayable on demand. The interest payable on such loan is @ 10.59% per annum.

14 Trade payables			(₹ in thousands)
Particulars	As at March 31, 2020	As at March 31, 2019	
Trade payables	837.71	1,828.94	
	837.71	1,828.94	

All trade payables are 'current.' The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 35.

15 Provisions			(₹ in thousands)
Particulars	As at March 31, 2020	As at March 31, 2019	
(a) Non-current			
Provision for employee benefits			
Gratuity	254.91	223.72	
(b) Current			
Provision for employee benefits			
Gratuity	2.72	2.21	
Compensated absences	163.75	166.78	
	166.47	168.99	



16 Revenue from operations		(₹ in thousands)
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Investment property rentals	9,000.00	9,000.00
	9,000.00	9,000.00

17 Other income		(₹ in thousands)
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on income tax refund	126.12	-
Government grant	21,308.79	21,308.79
Interest income on fixed deposits	157.11	-
Provision no longer required written back	600.00	-
	22,192.02	21,308.79

18 Employee benefit expenses		(₹ in thousands)
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	3,227.86	4,211.10
Gratuity expense	68.97	87.33
	3,296.83	4,298.43

19 Other expenses		(₹ in thousands)
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	948.14	1,075.01
Legal and professional fees (see note (i) below)	425.20	213.39
Rates and taxes	42.50	129.37
Prepaid Rent written off (refer note 31)	22,202.22	-
Property, plant and equipment written off	15.88	241.53
Miscellaneous expenses	0.72	0.65
	23,634.66	1,659.95

Note (i):

Legal and Professional fees includes payment to Auditors of ₹100.00 thousands (March 31, 2019: ₹100.00 thousands)

20 Finance costs		(₹ in thousands)
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on financial liabilities measured at amortised cost		
- unsecured loan	2,123.80	2,118.00
	2,123.80	2,118.00

21 Depreciation and amortisation expense		(₹ in thousands)
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment (refer note 4 (a))	11.35	234.15
Depreciation of investment property (refer note 4 (b))	5,269.36	5,254.96
	5,280.71	5,489.11



22 Contingent liabilities and commitments:

(i) Contingent liabilities:

The Company does not have any contingent liability as on March 31, 2020 (March 31, 2019 - 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 ₹ 36,442.70 thousands (31 March 2019: ₹ 36,442.70 thousands).

23 Segment reporting

Operating Segments

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that the Company 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 'Hospital Management 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.

24 Leases

A. Lease as lessee

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

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

Particulars	(₹ in thousands)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Cancellable	742.82	1,075.01
	742.82	1,075.01

B. Lease as lessor

The Company leases out investment property on operating lease basis (See note 4(b)).

(i) Amounts recognised in statement of profit and loss

Particulars	(₹ in thousands)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Income from property rentals	9,000.00	9,000.00
	9,000.00	9,000.00

The Company has given the hospital in Jaipur to Narayana Hrudayalaya Limited, the holding company, for rendering medical and healthcare services. In accordance with the terms of the agreement, the Company is entitled to and has recorded income of ₹ 9,000.00 thousands for the year ended March 31, 2020

25 Income tax

Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the followings:

Particulars	(₹ in thousands)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Deferred tax asset		
Provision for gratuity	71.67	62.85
Provision for compensated absences	45.56	46.40
On brought forward loss	1,284.59	1,284.59
Unabsorbed Depreciation	49,774.45	40,574.71
Total deferred tax asset	51,176.27	41,968.55
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(39,635.05)	(37,307.95)
Total deferred tax liability	(39,635.05)	(37,307.95)
Deferred tax asset (net)	11,541.22	4,660.60

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

26 During the financial year 2014-15, the Company had received deposit of ₹ 280,000.00 thousands from Narayana Hrudayalaya Limited to indemnify the Company from the losses, if any, incurred as a result of breach of the term of agreement (operation and management agreement). The Company is liable to repay the deposit amount on expiry of the indemnity agreement or operation and management agreement whichever earlier.



Narayana Hospitals Private Limited

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

- 27 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, 2020 (March 31, 2019: Nil).

Particulars	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	-	-
-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	-	-

28 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 Mrs. Shakuntala Shetty-Director Mr. Viren Shetty-Director Mr. Murali Bhashyam-Chief Financial Officer Ms. Varsha Jain - Company Secretary
Key Management Personnel (KMP) of the Holding Company	Dr. Ashutosh Raghuvanshi - Managing Director of the Holding Company (Till February 10, 2019) Dr. Emmanuel Rupert-Managing Director of the Holding Company (w.e.f. February 11, 2019) Mr. Sridhar S - Company Secretary of the Holding Company Kesavan Venugopalan- Chief Financial Officer of the Holding Company
Fellow Subsidiaries	Meridian Medical Research & Hospital Limited (MMRHL) Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHP) Narayana Health Institutions Private Limited (NHIPL) Narayana Institute for Advanced Research Private Limited (NIARPL) Narayana Cayman Holdings Ltd (NCHL) Narayana Hrudayalaya Hospitals Malaysia SDN. BHD (NHHM) (till April 24, 2018) Health City Cayman Islands Ltd (HCCI) (Subsidiary of NCHL w.e.f. January 2, 2018) Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL) Narayana Holdings Private Limited (NHDPL) (Subsidiary of NCHL w.e.f. June 6, 2018) NH Health Bangladesh Private Limited (Subsidiary of NHDPL w.e.f. July 22, 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

(₹ in thousands)

Transactions	Holding Company	Total
Income from property rentals	9,000.00 (9,000.00)	9,000.00 (9,000.00)
Reimbursement of expenses	5,618.31 (6,174.38)	5,618.31 (6,174.38)
Interest expenses	2,123.80 (2,118.00)	2,123.80 (2,118.00)
Short-term employee benefits*	Key Management Personnel (KMP)	Total
Murali Bhashyam	3,619.14 (3,192.48)	3,619.14 (3,192.48)
Varsha Jain	- (649.73)	- (649.73)

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.



c) The balances receivable from and payable to related parties

(₹ in thousands)

Transactions	Year	Holding Company	Total
Other financial liabilities (current)- Interest accrued but not due on loan	March 31, 2020	9,569.30	9,569.30
	March 31, 2019	7,657.87	7,657.87
Trade receivables	March 31, 2020	33,449.37	33,449.37
	March 31, 2019	29,347.68	29,347.68
Borrowings (current)- Unsecured loan	March 31, 2020	20,000.00	20,000.00
	March 31, 2019	20,000.00	20,000.00
Other financial liabilities (current)- Security deposit	March 31, 2020	2,80,000.00	2,80,000.00
	March 31, 2019	2,80,000.00	2,80,000.00

d) Refer Note 4 with respect to details of Property, plant and equipment provided as security for loans taken by Narayana Hrudayalaya Limited and Narayana Hrudayalaya Surgical Hospital Private Limited.

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.

- 29 Leasehold land includes 36 acres of land acquired in the year 2008 under perpetual lease from Government of Gujarat amounting to ₹ 1,652,379.67 thousands. The aforesaid land has been granted to the Company by Government of Gujarat at a concessional rate under Gujarat Health Project for construction of heart hospital with certain conditions including but not limited to the following:

-1,000 bed hospital for cardiac surgery should be built and be operational within 18 months from the date of completing legal formalities/ handing over with clear title and after obtaining all necessary permissions from all concerned departments. Self dependent 100 seat medical college under Medical Council of India ('MCI') Rules should be built and be operational within 36 months. Total project including 5,000 bed super-specialty hospital should be completed within 6 years;

-Self dependent medical college, to be established by the Company, should be set up with total adherence to rules governed by MCI and Government of India;

-5% surgery in the proposed health city should be done free. Only medicines and disposable should be charged;

-20% cardiac surgeries should be performed at the subsidised rate of ₹ 65.00 thousands only, which includes every expense;

-Beneficiaries of the above said 5% and 20% surgeries will be referred by the Government of Gujarat;

-15% out-patients should be given free consultation. Diagnostics fees will be charged at 50%;

-After achieving, 5,000 surgeries annually, 1,000 surgeries should be performed under concessional rate of ₹ 65.00 thousands and 250 surgeries should be performed free; and

-Number of student intake and fees for the proposed medical college should be according to the prevailing government rules.

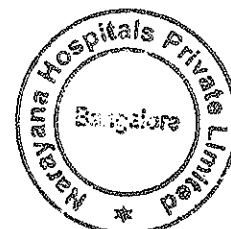
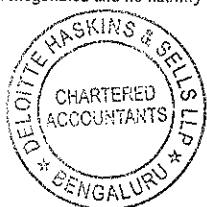
The Company was unable to start the project on the specified date and received a show cause notice from the Government of Gujarat on 22 December 2010. Subsequent

to the show cause notice, the Company replied on 19 January 2011 assuring the Government of Gujarat that the entire project will be completed by June 2016.

As per the letter dated January 19, 2011, the timelines committed by NHPL are as follows:

Commissioning timelines	
a) 500 beds multispecialty hospital	June-2012
b) 1000 beds multispecialty hospital (expansion)	June-2012
c) 100 seat Medical College	June-2013
d) 5000 bed Health City	June-2016

Narayana Hrudayalaya Limited commenced operation in its Ahmedabad unit on May 3, 2012. As of March 31, 2020, the Company is yet to achieve the above timelines. The Company based on its past projects with government and other authorities believes that the terms/ conditions of grant of leasehold land at concessional rate would be renegotiated and no liability or adjustment to recorded assets is required as at March 31, 2020



30 In the year 2008-09, the Company was allotted 35 acres of land by Jaipur Development Authority ('JDA') for establishing a medical college at Bagrana Grama, Jaipur ("Bagrana"). Subsequently, the Company surrendered 25 acres of land to JDA and retained 10 acres of land. However, in the year 2013-14, JDA intimated the Company that, 6,000 sq. meters of land will be utilised for the completion of Ring Road Project. Subsequently, JDA gave another proposal of land allotment at Govind Pura Ropada, in lieu of 10 acres at Bagrana. The Company gave its consent on the same through the letter dated April 24, 2015.

Since this land is given in lieu of land allotted at Bagrana, the Company has requested JDA that the land at Govind Pura Ropada be valued the same as it was during the time of allotment of land in Bagrana in March 2008.

As at March 31, 2020, the Company has paid ₹ 54,439.38 thousands (March 31, 2019 : ₹ 54,439.38 thousands) to JDA and accrued the balance payable of ₹ 41,522.23 thousands (March 31, 2019 : ₹ 35,590.48 thousands). The Company will capitalize this amount along with any other payment once it gets the land registered in its name. The Company believes that this advance towards land is recoverable from the JDA and hence provision for doubtful advance is not required as at March 31, 2020.

31 The Company had entered into a lease agreement and obtained a 5 acre land from Siliguri Jalpaiguri Development Authority in February 2009 for construction of a hospital for a consideration of ₹ 25,000.00 thousands disclosed as prepaid rent under other current and non-current assets. As per the lease agreement, the Company was required to complete the construction of the hospital by August 2009. However, no construction has been completed till date. During the year, the company has written off the prepaid rent of Rs 22,202.22 thousands.

32 Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share for the nine months ended March 31, 2020 was based on profit/(loss) attributable to equity shareholders of ₹ (3,143.98) thousands (March 31, 2019: ₹ 16,743.30 thousands) and weighted average number of equity share outstanding 53,261,442 (March 31, 2019: 53,261,442).

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit / (loss) after tax (₹)	(3,143.98)	16,743.30
Weighted average number of equity share outstanding during the year for calculation of basic earnings per share (numbers)	53,261,442	53,261,442
Nominal value per share (₹)	10	10
Basic and diluted earnings per share (₹)	(0.06)	0.31

33 Capital management

The Company 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	As at March 31, 2020	As at March 31, 2019
Total equity attributable to the equity shareholders of the Company	6,64,488.51	6,67,595.22
As a percentage of total capital	97%	97%
Short-term borrowings	20,000.00	20,000.00
Total borrowings	20,000.00	20,000.00
As a percentage of total capital	3%	3%
Total capital (Equity and Borrowings)	6,84,488.51	6,87,595.22



34 Employee benefits**Defined contribution plan**

During the current year, the Company did not have more than 10 employees. Accordingly the provisions of the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 are not applicable to it for the year ended March 31, 2020.

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. This scheme is non funded. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss. The Company accrues gratuity as per the provisions of the Payment of Gratuity Act, 1972 as applicable as at the balance sheet date and accordingly the maximum payment is restricted to ₹ 20 lakhs.

- 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 thousands)	
	As at March 31, 2020	As at March 31, 2019
Defined benefit obligations liability	257.63	225.93
Plan assets	-	-
Net defined benefit liability	257.63	225.93
Full & final settlement cases*	-	-
Liability for compensated absences	163.75	166.78
Total employee benefit liability	421.38	392.71
Non-current	254.91	223.72
Current	166.47	168.99

B. Reconciliation of net defined benefit (assets) liability

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

i) Reconciliation of present values of defined benefit obligation		(₹ in thousands)	
Particulars		As at March 31, 2020	As at March 31, 2019
Defined benefit obligation as at 1 April		225.93	174.72
Benefits paid		-	-
Current service cost		51.77	50.85
Interest cost		17.20	13.39
Past service cost / (benefit)		-	-
Acquisition / Divestiture		-	-
Actuarial (gains)/ losses recognised in other comprehensive income		-	-
-changes in demographic assumptions		-	-
-changes in financial assumptions		8.97	0.54
-experience adjustments		(46.24)	(13.57)
- due to other reason		-	-
Defined benefit obligations as at 31 March		257.63	225.93

ii) Reconciliation of present values of plan assets		(₹ in thousands)	
Particulars		As at March 31, 2020	As at March 31, 2019
Plan assets at beginning of the year		-	-
Acquisition		-	-
Contributions paid into the plan		-	-
Income income		-	-
Benefits paid		-	-
Actuarial gain/(loss) on plan assets		-	-
Plan assets at the end of the year		-	-
Net defined benefit liability		257.63	225.93



34 Employee benefits

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

(₹ in thousands)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	51.77	50.85
Interest cost	17.20	13.39
	68.97	64.24

ii) Remeasurements recognised in other comprehensive income

(₹ in thousands)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (gain)/ loss on defined benefit obligation	(37.27)	(13.03)
Return on plan assets excluding interest income	-	-
	(37.27)	(13.03)

D. Plan Assets

Plan assets comprises of the following:

(₹ in thousands)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Pooled assets with an insurance company	-	-
	-	-

E. Defined Benefit obligation

i) Actuarial assumptions

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

(₹ in thousands)

Principal actuarial assumptions	As at March 31, 2020	As at March 31, 2019
Attrition rate	0.00%	0.00%
Discount rate	5.12%	7.65%
Expected rate of return on plan assets	-	-
Mortality rate	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate
Future salary increases	9% for First Year 6% thereafter	9% for First Year 6% thereafter

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

Maturity profile of defined benefit obligation

The following payments are expected contributions to the defined benefit plan in future years:

(₹ in thousands)

Particulars	Amount
1st following year	2.72
2nd following year	274.80
3rd following year	-
4th following year	-
5th following year	-
Year 6 to 10	-
More than 10 years	-

ii) Sensitivity analysis

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

Particulars	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	-1.82	1.83	-5.25	5.77
Future salary increases (0.50% movement)	1.20	-1.21	5.29	-4.83
Attrition rate (0.50 % movement)	-0.01	-	0.64	-
Mortality rate (0.10% movement)	-	-	0.05	-0.05

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.



35 Financial instruments: Fair value and risk management

A. Accounting classification and fair values

(₹ in thousands)

As at March 31, 2020	Amortised cost	Total
Financial assets		
Trade receivables	33,449.37	33,449.37
Cash and cash equivalents	120.66	120.66
Other financial assets	163.59	163.59
	33,733.62	33,733.62
Financial liabilities		
Borrowings	20,000.00	20,000.00
Trade payables	837.71	837.71
Other financial liabilities	51,091.53	51,091.53
	71,929.24	71,929.24
As at March 31, 2019	Amortised cost	Total
Financial assets		
Trade receivables	29,347.68	29,347.68
Cash and cash equivalents	2,798.14	2,798.14
Other financial assets	6.48	6.48
	32,152.30	32,152.30
Financial liabilities		
Borrowings	20,000.00	20,000.00
Trade payables	1,828.94	1,828.94
Other financial liabilities	43,248.35	43,248.35
	65,077.29	65,077.29

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 Company is not exposed to credit risk as its receivables is majorly from holding company, Narayana Hrudayalaya Limited.

(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, 2020: (₹ in thousands)

Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Borrowings (current)	20,000.00	-	-	-	20,000.00
Trade payables	837.71	-	-	-	837.71
Other financial liabilities	51,091.53	-	-	-	51,091.53
Total	71,929.24	-	-	-	71,929.24

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

Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Borrowings (current)	20,000.00	-	-	-	20,000.00
Trade payables	1,828.94	-	-	-	1,828.94
Other financial liabilities	43,248.35	-	-	-	43,248.35
Total	65,077.29	-	-	-	65,077.29

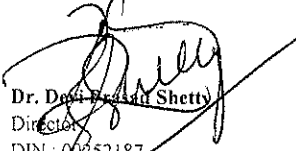


(iv) Market risk


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. The Company does not have any transaction in foreign currency and the interest on the borrowing is also fixed rate. Hence, the Company is not exposed to market risk.

- 36 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 Group 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 March 31, 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.

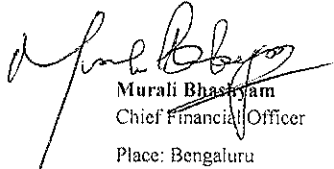
For and on behalf of the Board of Directors of
Narayana Hospitals Private Limited



Dr. Datta Prasad Shetty
Director
DIN : 00252187

Place: Bengaluru
Date: June 15, 2020


Viren Shetty
Director
DIN: 02144586

Place: Bengaluru
Date: June 15, 2020


Murali Bhasiyam
Chief Financial Officer
Place: Bengaluru
Date: June 15, 2020


Sridhar S
Company Secretary
Place: Bengaluru
Date: June 15, 2020



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