

## INDEPENDENT AUDITOR'S REPORT

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

#### Opinion

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

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

#### Emphasis of Matter

We draw attention to Note 40 of the Financial Statements which describes the management's assessment of the circumstances arising due to COVID-19, the uncertainties associated with its nature and duration and the consequential impact of the same on the financial statements of the Company. The Company as of the reporting date does not expect any long term adverse impact of COVID-19 on its ability to recover the carrying value of its current assets and non-current assets including trade receivables, property, plant and equipment and intangible assets. However, a definitive assessment of the impact is highly dependent upon circumstances as they evolve in future and the actual results may differ from those estimated as at the date of approval of these financial statements.

Our Opinion is not modified in respect of this matter.



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

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

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

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

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

## **Management's Responsibility for the Financial Statements**


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

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

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

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

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



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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



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- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any managerial remuneration during the year ended March 31, 2021 and hence reporting under Section 197 of the Act is not applicable.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



**Monisha Parikh**  
Partner  
(Membership No.47840)  
UDIN : 21047840AAAACI9208

Place : Ahmedabad  
Date : May 31, 2021



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

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

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

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

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

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

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

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

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

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

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

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

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accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

## **Opinion**

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

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



**Monisha Parikh**  
Partner  
(Membership No.47840)  
UDIN : 21047840AAAACI9208

Place : Ahmedabad  
Date : May 31, 2021

# Deloitte Haskins & Sells LLP

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

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

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the possession certificate provided to us, we report that, the title deed, comprising the immovable property of building, is held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and did not have any unclaimed deposits.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of services rendered. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods & Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods & Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
  - (c) There are no unpaid dues of Income-tax, Goods & Service Tax and Customs Duty, as on March 31, 2021 on account of any disputes.



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

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



**Monisha Parikh**  
Partner  
(Membership No.47840)  
UDIN : 21047840AAAACI9208

Place : Ahmedabad  
Date : May 31, 2021

**Narayana Hrudayalaya Surgical Hospital Private Limited**  
Balance sheet

(₹ in lakhs)			
Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	8,180.58	8,043.31
Right of use assets	5	522.42	612.49
Capital work-in-progress	4	975.48	793.42
Intangible assets	4	2,636.81	3,077.11
<b>Financial assets</b>			
(i) Loans	6 (a)	727.01	659.23
(ii) Other financial assets	7 (a)	49.24	41.70
Income tax assets (net)	8	377.39	348.85
Other non-current assets	9 (a)	866.65	1,354.69
<b>Total non-current assets</b>		<b>14,335.58</b>	<b>14,930.80</b>
<b>Current Assets</b>			
Inventories	10	410.86	512.60
<b>Financial assets</b>			
(i) Trade receivables	11	2,488.22	3,037.68
(ii) Cash and cash equivalents	12 (a)	145.11	699.68
(iii) Bank balances other than (ii) above	12 (b)	1.00	1.00
(iv) Loans	6 (b)	8.97	10.47
(v) Other financial assets	7 (b)	1,880.57	936.94
Other current assets	9 (b)	337.41	355.15
<b>Total current assets</b>		<b>5,272.14</b>	<b>5,553.52</b>
<b>TOTAL ASSETS</b>		<b>19,607.72</b>	<b>20,484.32</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13 (a)	2,442.59	2,274.88
Other equity	13 (b)	(3,069.48)	(2,820.23)
<b>Total equity</b>		<b>(626.89)</b>	<b>(545.35)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	14 (a)	1,683.03	2,561.55
(ii) Lease liabilities	15 (a)	576.67	643.88
(iii) Other financial liabilities	16 (a)	8,374.82	9,198.05
Provisions	17 (a)	131.44	107.27
<b>Total non-current liabilities</b>		<b>10,765.96</b>	<b>12,510.75</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	14 (b)	1,874.14	1,809.66
(ii) Lease liabilities	15 (b)	108.98	123.63
(iii) Trade payables	18		
Total outstanding dues of micro enterprises and small enterprises		222.47	124.80
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,630.75	3,934.15
(iv) Other financial liabilities	16 (b)	1,656.45	2,070.95
Other current liabilities	19	1,823.32	294.85
Provisions	17 (b)	152.54	160.88
<b>Total current liabilities</b>		<b>9,468.65</b>	<b>8,518.92</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,607.72</b>	<b>20,484.32</b>

Significant accounting policies

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

For Deloitte Haskins & Sells LLP  
Chartered Accountants

*Monisha Parikh*

Monisha Parikh  
Partner

Place: Ahmedabad  
Date: May 31, 2021

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

Dr. Devi Prasad Shetty  
Director  
DIN: 00252187

Place: Bengaluru  
Date: May 31, 2021

Dr. Emmanuel Rupert  
Managing Director  
DIN: 07010883

Place: Bengaluru  
Date: May 31, 2021

Ravindra KS  
Chief Financial Officer

Place: Bengaluru  
Date: May 31, 2021

Hemish Purnashottam  
Company Secretary

Place: Bengaluru  
Date: May 31, 2021



**Narayana Hrudayalaya Surgical Hospital Private Limited**  
**Statement of profit and loss**

		(₹ in lakhs)	
Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>INCOME</b>			
Revenue from Operations	20	19,425.94	20,106.69
Other income	21	91.24	101.35
<b>Total income (A)</b>		<b>19,517.18</b>	<b>20,208.04</b>
<b>EXPENSES</b>			
Purchase of medical consumables, drugs and surgical instruments		5,741.02	5,576.75
Changes in inventories of medical consumables, drugs and surgical instruments - (Increase)/Decrease	22	101.75	(20.83)
Employee benefit expenses	23	3,646.54	3,703.73
Professional fees to doctors		4,745.56	5,031.53
Other expenses	24	4,549.64	5,062.14
<b>Expenses before finance costs, depreciation and amortisation and exceptional items (B)</b>		<b>18,784.51</b>	<b>19,353.32</b>
<b>Earnings before finance costs, depreciation and amortisation, exceptional items and tax (A-B)</b>		<b>732.67</b>	<b>854.72</b>
Finance costs (C)	25	1,918.07	2,063.64
Depreciation and amortisation expense (D)	26	1,493.12	1,483.89
<b>Total expenses (E) = (B+C+D)</b>		<b>22,195.70</b>	<b>22,900.85</b>
<b>Loss before exceptional items and tax (F) = (A-E)</b>		<b>(2,678.52)</b>	<b>(2,692.81)</b>
Exceptional items (G)	38	-	1,086.99
<b>Loss before tax (H) = (F-G)</b>		<b>(2,678.52)</b>	<b>(3,779.80)</b>
<b>Tax expenses:</b>			
Current Tax		-	-
Deferred tax (credit)/ charge		-	-
<b>Total tax expenses (I)</b>		<b>-</b>	<b>-</b>
<b>Loss for the year (J) = (H-I)</b>		<b>(2,678.52)</b>	<b>(3,779.80)</b>
<b>Other Comprehensive Income (OCI)</b>			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Re-measurement of defined benefit plans		(2.53)	(27.86)
<b>Other comprehensive income for the year, net of income tax (K)</b>		<b>(2.53)</b>	<b>(27.86)</b>
<b>Total comprehensive (loss)/ income for the year (J+K)</b>		<b>(2,681.05)</b>	<b>(3,807.66)</b>
<b>Earnings / (Loss) per share</b>	34	<b>(11.42)</b>	<b>(17.30)</b>
Basic and diluted (₹)			
<b>Significant accounting policies</b>	3		

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


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

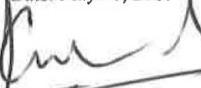


**Monisha Parikh**  
Partner

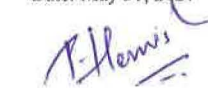
Place: Ahmedabad  
Date: May 31, 2021

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

  
**Dr. Devi Prasad Shetty**  
Director  
DIN: 00252187  
Place: Bengaluru  
Date: May 31, 2021

  
**Ravindra KS**  
Chief Financial Officer  
Place: Bengaluru  
Date: May 31, 2021

  
**Dr. Emmanuel Rupert**  
Managing Director  
DIN : 07010883  
Place: Bengaluru  
Date: May 31, 2021

  
**Hemish Purushottam**  
Company Secretary  
Place: Bengaluru  
Date: May 31, 2021





**Narayana Hrudayalaya Surgical Hospital Private Limited**  
**Statement of changes in equity for the year ended March 31, 2021**

<b>(a) Equity share capital</b>		
<b>(₹ in lakhs except no of shares)</b>		
<b>Particulars</b>	<b>No. of Shares</b>	<b>Amount</b>
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
<b>Balance as at April 1, 2019</b>	21,465,400	2,146.54
Changes in equity share capital during 2019-20 [refer note 13 (a)]	1,283,400	128.34
<b>Balance as at March 31, 2020</b>	22,748,800	2,274.88
Changes in equity share capital during 2020-21 [refer note 13 (a)]	1,677,100	167.71
<b>Balance as at March 31, 2021</b>	<b>24,425,900</b>	<b>2,442.59</b>

**(b) Other Equity**

<b>Particulars</b>	<b>Reserves &amp; Surplus</b>		<b>Items of OCI</b>	<b>Total other equity</b>
	<b>Securities premium reserve</b>	<b>Retained earnings</b>	<b>Remeasurements of the net defined benefit plans</b>	
<b>Balance as at April 1, 2019</b>	7,034.12	(7,931.21)	(11.63)	(908.72)
Securities Premium on issue of shares	1,999.48	-	-	1,999.48
Impact on account of adoption of Ind AS 116 (net of tax)	-	(103.33)	-	(103.33)
Profit/(Loss) for the year	-	(3,779.80)	-	(3,779.80)
Other comprehensive income (OCI)	-	-	(27.86)	(27.86)
<b>Balance as at March 31, 2020</b>	<b>9,033.60</b>	<b>(11,814.34)</b>	<b>(39.49)</b>	<b>(2,820.23)</b>
Securities Premium on issue of shares	2,431.80	-	-	2,431.80
Profit/(Loss) for the year	-	(2,678.52)	-	(2,678.52)
Other comprehensive income	-	-	(2.53)	(2.53)
<b>Balance as at March 31, 2021</b>	<b>11,465.40</b>	<b>(14,492.86)</b>	<b>(42.02)</b>	<b>(3,069.48)</b>

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

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

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

**Monisha Parikh**  
Partner

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

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

Place: Ahmedabad  
Date: May 31, 2021

Place: Bengaluru  
Date: May 31, 2021

Place: Bengaluru  
Date: May 31, 2021

**Ravindra KS**  
Chief Financial Officer

**Hemish Purushottam**  
Company Secretary

Place: Bengaluru  
Date: May 31, 2021

Place: Bengaluru  
Date: May 31, 2021



Narayana Hrudayalaya Surgical Hospital Private Limited  
Statement of Cash flows

	(₹ in lakhs)	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Cash flow from operating activities</b>		
Loss after tax	(2,678.52)	(3,779.80)
<b>Adjustments :</b>		
Depreciation and amortisation expense	1,493.12	1,483.89
Interest income	(3.72)	(1.25)
Interest income from financial asset at amortised cost	(50.81)	(46.42)
Property usage right	164.10	164.10
Provision for loss allowance	(217.02)	277.90
Finance costs	1,918.07	2,063.64
Exceptional items (refer note 38)	-	1,086.99
<b>Operating cash flow before working capital changes</b>	<b>625.22</b>	<b>1,249.05</b>
Changes in trade receivables	766.48	(366.75)
Changes in inventories	101.74	(20.82)
Changes in loans, other financial assets and other assets	(614.50)	(525.33)
Changes in trade payables, other financial liabilities and other liabilities	1,322.34	598.62
Changes in provision	13.30	43.54
<b>Cash generated from operations</b>	<b>2,214.58</b>	<b>978.31</b>
Income taxes paid (net of refund)	(28.54)	78.52
<b>Net cash generated by operating activities (A)</b>	<b>2,186.04</b>	<b>1,056.83</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(1,932.26)	(536.20)
Consideration for business acquisition (refer note no 36)	(2,083.72)	(1,984.49)
Investment in bank deposit	(5.00)	(30.00)
Interest received	1.29	0.15
<b>Net cash used in investing activities (B)</b>	<b>(4,019.69)</b>	<b>(2,550.54)</b>
<b>Cash flow from financing activities</b>		
Repayment of long-term borrowings	(855.35)	(687.13)
Proceeds of loan from a related party (refer note 33 b)	2,745.00	3,650.00
Repayment of loan to a related party (refer note 33 b)	(2,500.00)	(2,925.00)
Proceeds from issue of equity shares	2,599.51	2,127.82
Interest and other borrowing costs	(388.89)	(449.56)
Payment of lease liabilities (refer note 29)	(140.67)	(101.86)
<b>Net cash generated from financing activities (C)</b>	<b>1,459.60</b>	<b>1,614.27</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(374.05)</b>	<b>120.56</b>
Cash and cash equivalents at the beginning of the year (refer note 12)*	(384.98)	(505.54)
<b>Cash and cash equivalents at the end of the year (refer note 12)</b>	<b>(759.03)</b>	<b>(384.98)</b>

Significant accounting policies

3

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

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

For Deloitte Haskins & Sells LLP  
Chartered Accountants



Monisha Parikh  
Partner

Place: Ahmedabad  
Date: May 31, 2021

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


 

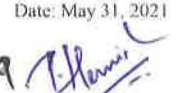
Dr. Devi Prasad Shetty  
Director  
DIN: 00252187

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Ravindra KS  
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Company Secretary

Place: Bengaluru  
Date: May 31, 2021

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Date: May 31, 2021





# Narayana Hrudayalaya Surgical Hospital Private Limited

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

### 1. Company overview

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

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

#### 2.1. Statement of compliance

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

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

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

#### 2.2 Going concern

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

#### 2.3. Functional and presentation currency

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

#### 2.4. Basis of measurement

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

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

#### 2.5. Use of estimates and judgments

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

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



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

**Judgments**

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

Note 27 - Assessment of contingent liabilities and commitments

Note 29 - Leases

Note 37 - Financial instruments

**Assumptions and estimation uncertainties**

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

Note 30- recognition of deferred tax assets

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

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

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

**2.6. Measurement of fair values**

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

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

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

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

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

Note 37 – financial instruments

**3. Significant accounting policies**

**3.1. Financial instruments**

**a. Recognition and initial measurement**

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

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





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

**b. Classification and subsequent measurement**

Financial assets

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

- amortised cost
- FVTPL

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

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

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

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

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

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

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

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

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

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



## Narayana Hrudayalaya Surgical Hospital Private Limited

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

#### c. Derecognition

Financial assets

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

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

Financial liabilities

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

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

#### d. Offsetting

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

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### **3.2. Inventories**

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

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

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

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

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing, and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalents as they form an integral part of an entity's cash management.

### **3.5. Revenue recognition**

Revenue from operations

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

Revenue is recognised net of discounts given to the patients.

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

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

Interest

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

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

**3.6. Property, Plant and Equipment**

Recognition and measurement

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

Depreciation and amortization

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

Block of assets	Useful life
Building	60 years
Electrical installation	10 years
Medical equipment	13 years
Office equipment	5 years
Other equipment including air conditioners	15 years
Furniture and fixtures	10 years
Vehicles	5 years
Computers	3 years

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

The Company believes that the useful life as given above best represent the useful life of the assets based on the internal technical assessment and these useful lives are as prescribed under Part C of Schedule II of the Companies Act, 2013 except vehicles where useful life considered by management is lower.

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

**3.7. Business combination, goodwill, and other intangible assets**

(a) Business combination

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.





## Narayana Hrudayalaya Surgical Hospital Private Limited

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

Transaction costs incurred in connection with a business combination are expensed as incurred.

#### (b) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

#### (c) Intangible assets

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

##### Amortisation method

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

The estimated useful lives of intangibles are as follows:

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

##### Amortisation method

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

### 3.8. Employee benefits

#### Short term employee benefits

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

#### Post-employment benefits

##### Defined contribution plans

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



**Defined benefit plans**

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

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

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

**Compensated absences**

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

**3.9. Borrowing cost**

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

**3.10. Leases**

The Company's lease asset classes primarily consist of leases for land & buildings and equipment. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense over the lease term.

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

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

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

**3.12. Income tax**

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

**Current income tax**

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting dates.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the assets and settle the liability on a net basis or simultaneously.

**Deferred tax**

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

Deferred tax liabilities are recognized for all taxable temporary differences.

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

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

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



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

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

**Minimum Alternative tax**

According to Section 115JAA of the Income tax Act, 1961, Minimum Alternative Tax (MAT) paid over and above the normal Income tax in a subject year is eligible for carry forward for fifteen succeeding assessment year for set-off against normal Income tax liability. The MAT credit asset is assessed against the entity's normal income tax during the specified period.

**3.13. Impairment**

**a. Impairment of financial instruments**

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

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer.
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise.
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

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

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

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

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

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





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

**Measurement of expected credit losses**

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

**Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivables does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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

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

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

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

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

**3.14. Provisions and contingencies**

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

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

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

*[Handwritten signature]*



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

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.

**3.15 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.

**3.16 Recent pronouncements:**

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

**Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**Statement of profit and loss:**

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

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



Narayana Hrudayalaya Surgical Hospital Private Limited  
Notes to the financial statements for the year ended March 31, 2021 (continued)

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

(₹ in lakhs)

Particulars	Gross block				Accumulated depreciation / amortisation / Impairment				Net block		
	As at April 1, 2020	Additions	Deletions	As at March 31, 2021	As at April 1, 2020	Depreciation/ Amortisation	Deletions	Impairment Recognised Refer Note (38)	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
<b>Tangible assets (owned)</b>											
Building [note (a)]	3,460.53	6.19	-	3,466.72	779.09	129.90	-	-	908.99	2,557.73	2,681.44
Electrical installation	358.72	17.24	-	375.96	166.19	33.96	-	-	200.15	175.81	192.53
Medical equipments	5,229.60	958.62	0.19	6,188.03	1,639.43	489.55	0.01	-	2,128.97	4,059.06	3,590.17
Office equipments	223.73	4.22	-	227.95	148.26	38.94	-	-	187.20	40.75	75.47
Other equipment including air conditioners	1,760.60	50.04	-	1,810.64	537.94	149.18	-	-	687.12	1,123.52	1,222.66
Furniture and fixtures	348.96	28.81	-	377.77	187.03	33.19	-	-	220.22	157.55	161.93
Computers	344.38	35.08	-	379.46	238.18	81.58	-	-	319.76	59.70	106.20
Vehicles	34.02	-	-	34.02	21.11	6.45	-	-	27.56	6.46	12.91
<b>Total - A</b>	<b>11,760.54</b>	<b>1,100.20</b>	<b>0.19</b>	<b>12,860.55</b>	<b>3,717.23</b>	<b>962.75</b>	<b>0.01</b>	<b>-</b>	<b>4,679.97</b>	<b>8,180.58</b>	<b>8,043.31</b>
Capital work-in-progress	793.42	954.88	772.82	975.48	-	-	-	-	-	975.48	793.42
<b>Total - B</b>	<b>793.42</b>	<b>954.88</b>	<b>772.82</b>	<b>975.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>975.48</b>	<b>793.42</b>
<b>Intangible assets</b>											
Computer software	10.44	-	-	10.44	9.60	0.84	-	-	10.44	-	0.84
Customer relationship	4,637.00	-	-	4,637.00	1,560.73	439.46	-	-	2,000.19	2,636.81	3,076.27
<b>Total - C</b>	<b>4,647.44</b>	<b>-</b>	<b>-</b>	<b>4,647.44</b>	<b>1,570.33</b>	<b>440.30</b>	<b>-</b>	<b>-</b>	<b>2,010.63</b>	<b>2,636.81</b>	<b>3,077.11</b>
<b>Grand total (A+B+C)</b>	<b>17,201.40</b>	<b>2,055.08</b>	<b>773.01</b>	<b>18,483.47</b>	<b>5,287.56</b>	<b>1,403.05</b>	<b>0.01</b>	<b>-</b>	<b>6,690.60</b>	<b>11,792.87</b>	<b>11,913.84</b>

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

(b) As at March 31, 2021, properties with a carrying amount of ₹ 6230.68 lakhs (previous year: ₹ 5733.32 lakhs) are subject to first charge to secure bank loans.





Narayana Hrudayalaya Surgical Hospital Private Limited  
Notes to the financial statements for the year ended March 31, 2021 (continued)

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

(₹ in lakhs)

Particulars	Gross block			Accumulated depreciation / amortisation / Impairment					Net block		
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	Depreciation/ Amortisation	Deletions	Impairment Recognised Refer Note (38)	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
<b>Tangible assets (owned)</b>											
Building [note (a)]	3,422.41	38.12	-	3,460.53	651.07	128.02	-	-	779.09	2,681.44	2,771.34
Electrical installation	351.12	7.60	-	358.72	132.91	33.28	-	-	166.19	192.53	218.21
Medical equipments	4,978.99	250.61	-	5,229.60	1,111.89	444.17	-	83.37	1,639.43	3,590.17	3,867.10
Office equipments	223.41	0.32	-	223.73	103.38	40.96	-	3.92	148.26	75.47	120.03
Other equipment including air conditioners	1,698.91	61.69	-	1,760.60	349.88	149.46	-	38.60	537.94	1,222.66	1,349.03
Furniture and fixtures	339.66	9.30	-	348.96	153.22	33.05	-	0.76	187.03	161.93	186.44
Computers	325.10	19.28	-	344.38	145.45	92.73	-	-	238.18	106.20	179.65
Vehicles	34.02	-	-	34.02	13.60	6.80	-	0.71	21.11	12.91	20.42
<b>Total - A</b>	<b>11,373.62</b>	<b>386.92</b>	<b>-</b>	<b>11,760.54</b>	<b>2,661.40</b>	<b>928.47</b>	<b>-</b>	<b>127.36</b>	<b>3,717.23</b>	<b>8,043.31</b>	<b>8,712.22</b>
Capital work-in-progress	20.60	772.82	-	793.42	-	-	-	-	-	793.42	20.60
<b>Total - B</b>	<b>20.60</b>	<b>772.82</b>	<b>-</b>	<b>793.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>793.42</b>	<b>20.60</b>
Goodwill	790.00	-	-	790.00	-	-	-	790.00	790.00	-	790.00
<b>Total - C</b>	<b>790.00</b>	<b>-</b>	<b>-</b>	<b>790.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>790.00</b>	<b>790.00</b>	<b>-</b>	<b>790.00</b>
<b>Intangible assets</b>											
Computer software	10.44	-	-	10.44	7.95	1.65	-	-	9.60	0.84	2.49
Customer relationship	4,637.00	-	-	4,637.00	927.40	463.70	-	169.63	1,560.73	3,076.27	3,709.60
<b>Total - D</b>	<b>4,647.44</b>	<b>-</b>	<b>-</b>	<b>4,647.44</b>	<b>935.35</b>	<b>465.35</b>	<b>-</b>	<b>169.63</b>	<b>1,570.33</b>	<b>3,077.11</b>	<b>3,712.09</b>
<b>Grand total (A+B+C+D)</b>	<b>16,831.66</b>	<b>1,159.74</b>	<b>-</b>	<b>17,991.40</b>	<b>3,596.75</b>	<b>1,393.82</b>	<b>-</b>	<b>1,086.99</b>	<b>6,077.56</b>	<b>11,913.84</b>	<b>13,234.91</b>

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

(b) As at March 31, 2020, properties with a carrying amount of ₹ 5733.32 lakhs (previous year: ₹ 5,895.05 lakhs) are subject to first charge to secure bank loans.



Narayana Hrudayalaya Surgical Hospital Private Limited  
Notes to the financial statements for the year ended March 31, 2021 (continued)

5 (i) Right of use assets

(₹ in lakhs)

Category of ROU asset	Gross block				Accumulated Depreciation				Net Block	
	As at April 1, 2020	Additions	Deletions	As at March 31, 2021	As at April 1, 2020	Depreciation/Amortisation	Deletions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
<b>Tangible assets</b>										
Land	370.40	-	-	370.40	16.71	16.71	-	33.42	336.98	353.69
Equipment	332.16	-	-	332.16	73.36	73.36	-	146.72	185.44	258.80
<b>Grand total</b>	<b>702.56</b>	<b>-</b>	<b>-</b>	<b>702.56</b>	<b>90.07</b>	<b>90.07</b>	<b>-</b>	<b>180.14</b>	<b>522.42</b>	<b>612.49</b>

(ii) Right of use assets

(₹ in lakhs)

Category of ROU asset	Gross block				Accumulated Depreciation				Net Block	
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	Depreciation/Amortisation	Deletions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
<b>Tangible assets</b>										
Land	-	370.40	-	370.40	-	16.71	-	16.71	353.69	-
Equipment	-	332.16	-	332.16	-	73.36	-	73.36	258.80	-
<b>Grand total</b>	<b>-</b>	<b>702.56</b>	<b>-</b>	<b>702.56</b>	<b>-</b>	<b>90.07</b>	<b>-</b>	<b>90.07</b>	<b>612.49</b>	<b>-</b>

Refer note 29 for disclosures related to ROU assets and liabilities



Narayana Hrudayalaya Surgical Hospital Private Limited  
Notes to the financial statements for the year ended March 31, 2021 (continued)

6 Loans (Unsecured, considered good unless otherwise stated)		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(a) Non-current			
To parties other than related parties			
Security deposits	727.01	659.23	
	727.01	659.23	
(b) Current			
To parties other than related parties			
Security deposits	8.97	10.47	
	8.97	10.47	
7 Other financial assets		(₹ in lakhs)	
(Unsecured, considered good unless otherwise stated)			
Particulars	As at March 31, 2021	As at March 31, 2020	
(a) Non-current			
To parties other than related parties			
Bank deposits (due to mature after 12 months from reporting date)*	45.00	40.00	
Interest accrued on fixed deposits	4.24	1.70	
	49.24	41.70	
* above deposits are restrictive as it pertains to bank guarantee.			
(b) Current			
To parties other than related parties			
Interest accrued on fixed deposits	0.15	0.11	
Receivables from Dharamshila Cancer Foundation and Research Centre	1,008.99	905.36	
Unbilled revenue	72.68	31.47	
Others (refer note 39)	798.75	-	
	1,880.57	936.94	
8 Income tax assets (net)		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
Advance income tax and tax deducted at source (net of provisions)	377.39	348.85	
	377.39	348.85	
9 Other assets		(₹ in lakhs)	
(Unsecured, considered good unless otherwise stated)			
Particulars	As at March 31, 2021	As at March 31, 2020	
(a) Non-current			
To parties other than related parties			
Capital advances	8.14	5.11	
Prepaid Rent	302.49	362.77	
Property usage right	529.72	983.01	
Prepaid expenses	26.30	3.80	
	866.65	1,354.69	
(b) Current			
To parties other than related parties			
Prepaid Rent	60.49	60.66	
Prepaid expenses	115.29	40.79	
Property usage right	106.00	164.10	
Advance to vendors	51.34	67.56	
Other loans and advances	4.29	4.41	
Other asset	-	17.63	
	337.41	355.15	
10 Inventories		(₹ in lakhs)	
(Valued at lower of cost and net realisable value)			
Particulars	As at March 31, 2021	As at March 31, 2020	
Medical consumables, drugs and surgical instruments	433.70	540.65	
Less: Provision for write-down to net realisable value	(22.84)	(28.05)	
	410.86	512.60	

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





Narayana Hirudayalaya Surgical Hospital Private Limited  
Notes to the financial statements for the year ended March 31, 2021 (continued)

11 Trade receivables		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
Unsecured, considered good	2,488.22	3,037.68	
Unsecured, considered doubtful	427.30	644.32	
	<u>2,915.52</u>	<u>3,682.00</u>	
Loss allowance			
Unsecured, considered doubtful	(427.30)	(644.32)	
Net trade receivables	<u>2,488.22</u>	<u>3,037.68</u>	

Of the above, trade receivables from related parties are as below:

Trade receivable (refer note 33 (c))	-	2.60
Expected credit loss allowance	-	-
Net trade receivables from related parties	-	2.60

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

Category	Ageing		
	Within due date	Due date to 1 Year	More than 1 year from due date
ESI/CGHS/SCHEMES	2.54% - 3.39%	9.52%-16.81%	27.98%-64.31%
Others	0.47%-7.63%	7.11%-27.20%	28.52%-56.10%

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

12 Cash and bank balances		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(a) Cash and cash equivalents			
Cash on hand	7.42	25.38	
Balance with banks			
-In current accounts	137.69	674.30	
	<u>145.11</u>	<u>699.68</u>	
(b) Bank balances other than above			
-In deposit accounts (due to mature within 12 months of the reporting date)*	1.00	1.00	
	<u>1.00</u>	<u>1.00</u>	

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	7.42	25.38
Balance with banks		
-On current accounts	137.69	674.30
	<u>145.11</u>	<u>699.68</u>
Less: Bank overdraft used for cash management purposes (refer note 14(b))	904.14	1,084.66
Cash and cash equivalents in the statement of cash flows	<u>(759.03)</u>	<u>(384.98)</u>

13 (a) Equity share capital		(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020	
Authorised			
2,50,00,000 equity shares (previous year: 2,30,00,000 equity shares) of ₹ 10 each	2,500.00	2,300.00	
Nil Preference shares (previous year : 20,00,000 equity shares) of ₹ 10 each	-	200.00	
Issued, subscribed and paid up			
2,44,25,900 (previous year: 2,27,48,800) equity shares of ₹ 10 each, fully paid up	2,442.59	2,274.88	
	<u>2,442.59</u>	<u>2,274.88</u>	

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	22,748,800	2,274.88	21,465,400	2,146.54
Shares issued during the year	1,677,100	167.71	1,283,400	128.34
Shares outstanding at the end of the year	24,425,900	2,442.59	22,748,800	2,274.88

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

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

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



(iii) Shares held by Holding Company

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10 each fully paid up held by -Narayana Hrudayalaya Limited	24,425,894	2,442.59	22,748,794	2,274.88

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares*	% holding	Number of shares*	% holding
Narayana Hrudayalaya Limited	24,425,894	99.99%	22,748,794	99.99%

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

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

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

13 (b) Other Equity

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Reserves and surplus</b>		
Securities premium reserve		
At the commencement of the year	9,033.60	7,034.12
Add: Securities premium on issue of equity shares during the year	2,431.80	1,999.48
At the end of the year	11,465.40	9,033.60
Retained earnings		
At the commencement of the year	(11,814.34)	(7,931.21)
Add: Loss after tax transferred from statement of profit and loss	(2,678.52)	(3,779.80)
Add: Impact on account of adoption of Ind AS 116 (net of tax)	-	(103.33)
At the end of the year	(14,492.86)	(11,814.34)
Other Comprehensive Income		
At the commencement of the year	(39.49)	(11.63)
Add: Addition during the year	(2.53)	(27.86)
At the end of the year	(42.02)	(39.49)
	(3,069.48)	(2,820.23)

**Securities premium reserve**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013

**Retained earnings**

Retained earnings represents prior year undistributed earnings / accumulated losses

**Other Comprehensive Income**

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

14 Borrowings

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>(a) Non-current</b>		
Secured		
Term loans		
From banks (refer note 1)	2,393.33	3,248.68
Less: Current maturity of long term debt [refer note 16 (b)]	(710.30)	(687.13)
	1,683.03	2,561.55
<b>(b) Current</b>		
To parties other than related parties		
Secured		
Bank overdrafts (refer note II)	904.14	1,084.66
To related parties (refer note 33)		
Unsecured		
Loans repayable on demand (refer note II)	970.00	725.00
	1,874.14	1,809.66

I Term loans from banks:

Sl. No	Details of repayment terms, interest and maturity	Nature of security
(i)	Term Loan from HSBC : ₹ 1700.00 lakhs (previous year : ₹ 2550.00 lakhs) repayable in 10 quarterly instalments from reporting date. Interest is charged @ 7.00% p.a (previous year : 8.90%)	Secured via mortgage of title deeds on the immovable property of Narayana Hospitals Private Limited.
(ii)	Term loan from Yes Bank : ₹ 252.85 lakhs (previous year: ₹ 254.80 lakhs) repayable in 29 quarterly instalments from May 2018. Interest is charged @ 8.50% pa (previous year : 9.80%)	Exclusive charge on Movable Fixed assets (present and future) and current assets of the borrower (present and future) excluding those charged to any other lender/vendor and those charged to Yes Bank LC facilities, corporate guarantee and security from Narayana Hrudayalaya Limited (Holding Company).
(iii)	Term loan from Yes Bank : ₹ 229.21 lakhs (previous year: ₹ 230.98 lakhs) repayable in 29 quarterly instalments from May 2018. Interest is charged @ 8.50% pa (previous year : 9.80%)	
(iv)	Term loan from Yes Bank : ₹ 89.53 lakhs (previous year: ₹ 90.22 lakhs) repayable in 29 quarterly instalments from November 2018. Interest is charged @ 8.50% pa (previous year : 9.80%)	
(v)	Term loan from Yes Bank : ₹ 67.47 lakhs (previous year: ₹ 67.99 lakhs) repayable in 29 quarterly instalments from March 2019. Interest is charged @ 8.50% pa (previous year : 9.80%)	
(vi)	Term loan from Yes Bank : ₹ 54.27 lakhs (previous year: ₹ 54.69 lakhs) repayable in 29 quarterly instalments from May 2018. Interest is charged @ 8.50% pa (previous year : 9.80%)	



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

- (i) Overdraft facility from Yes Bank Limited ₹ 904.14 lakhs (previous year: ₹ 1084.66 lakhs) carry interest rate of 0.30% above the 3 month MCLR (previous year :0.30% above the 3 months MCLR), to be paid on monthly basis. It is secured by current assets (both present and future), subervient charge on movable fixed assets and corporate guarantee of Narayana Hrudayalaya Limited.
- (ii) Loan from Narayana Hrudayalaya Limited: ₹ 970.00 lakhs (previous year: ₹ 725.00 lakhs) [refer note 33 (c)]

<b>15 Lease liabilities</b>			(₹ in lakhs)
Particulars	As at March 31, 2021	As at March 31, 2020	
<b>(a) Non-current</b>			
Opening Lease liability	767.51	805.89	
Additions during the period	-	-	
Finance cost accrued during the period	58.81	63.48	
Lease payment	(140.67)	(101.86)	
Closing Lease liability	685.65	767.51	
Less: Current lease liability	(108.98)	(123.63)	
	576.67	643.88	
<b>(b) Current</b>			
Lease liability	108.98	123.63	
	108.98	123.63	

<b>16 Other financial liabilities</b>			(₹ in lakhs)
Particulars	As at March 31, 2021	As at March 31, 2020	
<b>(a) Non-current</b>			
<i>To parties other than related parties</i>			
Liability towards business acquisition	8,311.60	9,114.17	
Creditors for capital goods	63.22	83.88	
	8,374.82	9,198.05	
<b>(b) Current</b>			
<i>To parties other than related parties</i>			
Liability towards business acquisition	802.57	606.23	
Current maturities of long-term borrowings [refer note 14 (a)]	710.30	687.13	
Interest accrued but not due on borrowings	5.01	12.13	
Deposits Received	12.30	12.70	
Creditors for capital goods	126.27	752.76	
	1,656.45	2,070.95	

The Company's exposure to liquidity risk and currency risk are disclosed in note 37

<b>17 Provisions</b>			(₹ in lakhs)
Particulars	As at March 31, 2021	As at March 31, 2020	
<b>(a) Non-current</b>			
Provision for employee benefits (Refer Note 31)			
Gratuity	131.44	107.27	
	131.44	107.27	
<b>(b) Current</b>			
Provision for employee benefits (Refer Note 31)			
Gratuity	28.45	27.04	
Compensated absences	124.09	133.84	
	152.54	160.88	

<b>18 Trade payables</b>			(₹ in lakhs)
Particulars	As at March 31, 2021	As at March 31, 2020	
Total outstanding dues of micro enterprises and small enterprises (Refer Note 32)	222.47	124.80	
Total outstanding dues of creditors other than micro and small enterprises	3,630.75	3,934.15	
	3,853.22	4,058.95	

\*with respect to amount payable to related parties [refer note 33 (c)]

The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 37

<b>19 Other current liabilities</b>			(₹ in lakhs)
Particulars	As at March 31, 2021	As at March 31, 2020	
<i>To parties other than related parties</i>			
Contract liabilities	62.10	157.00	
Balances due to statutory/ government authorities	112.78	93.15	
Unearned revenue (refer note 39)	1,648.16	44.42	
Other liabilities	0.28	0.28	
	1,823.32	294.85	





**Narayana Hrudayalaya Surgical Hospital Private Limited**  
**Notes to the financial statements for the year ended March 31, 2021 (continued)**

**20 Revenue from operations**

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from medical and healthcare services	13,406.49	14,733.83
Sale of medical consumables and drugs	6,011.43	5,367.85
Other operating revenue:		
Income from other healthcare services	8.02	5.01
	<b>19,425.94</b>	<b>20,106.69</b>

Refer notes below

(i) Category of Customer	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash	11,250.42	12,044.89
Credit	8,175.52	8,061.80
	<b>19,425.94</b>	<b>20,106.69</b>

(ii) Nature of treatment	For the year ended March 31, 2021	For the year ended March 31, 2020
In-patient	10,095.03	10,950.62
Out-patient	3,311.46	3,783.21
Sale of medical consumables and drugs	6,011.43	5,367.85
Others	8.02	5.01
	<b>19,425.94</b>	<b>20,106.69</b>

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

(iv) Revenue from sale of medical and healthcare services is net of rebates/ incentives/ discounts for the year ended March 31, 2021 amounting to ₹ 4,889.91 lakhs (Previous Year ₹ 3,683.79 lakhs).

(iv) Transaction price allocated to the remaining performance obligations

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contract liabilities	62.10	157.00
	<b>62.10</b>	<b>157.00</b>

**(v) Use of Practical expedients**

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

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

**21 Other income**

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income on		
- Bank deposits	3.72	1.25
- Income Tax Refund	-	19.90
Interest income from financial asset at amortised cost	50.81	46.42
Miscellaneous income	36.71	33.78
	<b>91.24</b>	<b>101.35</b>



**Narayana Hrudayalaya Surgical Hospital Private Limited**  
**Notes to the financial statements for the year ended March 31, 2021 (continued)**

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	512.61	491.78
Inventory at the end of the year	410.86	512.61
	<b>101.75</b>	<b>(20.83)</b>

**23 Employee benefit expenses**

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	3,430.17	3,489.95
Contribution to provident and other funds (refer note 31)	166.22	157.91
Staff welfare expenses	50.15	55.87
	<b>3,646.54</b>	<b>3,703.73</b>

**24 Other expenses**

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Hospital operating expenses</b>		
Rent	379.21	545.97
Patient welfare expenses	56.55	60.70
Power and fuel	689.93	687.37
Hospital general expenses	366.01	281.35
House keeping expenses	748.46	669.28
Medical gas charges	41.25	28.59
Biomedical wastage expenses	6.54	7.02
Repairs and maintenance		
- Hospital equipments	400.68	346.11
- Buildings	122.54	98.48
- Others	389.85	305.40
<b>Total (A)</b>	<b>3,201.02</b>	<b>3,030.27</b>
<b>Administrative expenses</b>		
Traveling and conveyance	117.29	115.98
Security charges	190.48	190.38
Printing and stationery	94.70	119.72
Rent	222.22	140.40
Advertisement and publicity	592.58	877.48
Legal and professional fees (refer note (i) below)	121.76	81.55
Telephone and communication	68.18	60.55
Bank charges	58.30	63.02
Insurance	14.65	11.88
Rates and taxes	44.78	66.82
Foreign Exchange Loss	16.11	0.12
Provision for loss allowance	(217.02)	277.90
Corporate Social Responsibility	-	0.05
Subscription & Books & Periodicals	15.97	17.69
Loss on Property, plant and equipment discarded	-	0.01
Miscellaneous expenses	8.62	8.32
<b>Total (B)</b>	<b>1,348.62</b>	<b>2,031.87</b>
<b>Total (A+B)</b>	<b>4,549.64</b>	<b>5,062.14</b>



Narayana Hrudayalaya Surgical Hospital Private Limited  
Notes to the financial statements for the year ended March 31, 2021 (continued)

(i) **Payment to auditors\*** (₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As an auditor		
(i) Audit fee	8.00	8.00
(ii) Other attest services	5.50	5.00
	<b>13.50</b>	<b>13.00</b>
*excluding GST		

**25 Finance costs** (₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on financial liabilities measured at amortised cost		
- term loans from banks	221.43	319.60
- bank overdraft	96.53	80.17
- others	63.81	56.36
Interest expense on lease liabilities	58.81	63.48
Interest expense on business acquisition	1477.49	1,544.03
	<b>1,918.07</b>	<b>2,063.64</b>

**26 Depreciation and amortisation expense** (₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment (refer note 4)	962.75	928.47
Amortisation of intangible assets (refer note 4)	440.30	465.35
Depreciation of Right of use Assets (refer note 5)	90.07	90.07
	<b>1,493.12</b>	<b>1,483.89</b>



27 Contingent liabilities and commitments

(i) Contingent liabilities

The Company does not have any contingent liability as on March 31, 2021 (previous year: nil)

(ii) Commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for amounts to ₹ 1.28 lakhs (March 31, 2020: ₹ 14.52 lakhs)

28 Segment reporting

Operating Segments

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

Geographical information

Geographical information analyses the Company's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customers and segment assets which have been based on the geographical location of the assets. As at March 31, 2021, the Company has only one geographical location i.e. India, with respect to location of assets and location of customers, further details about geographical information is not applicable.

29 Leases

Transition

The Company has adopted Ind AS 116 'Leases', effective annual reporting period beginning April 1, 2019. Ind AS 116 replaces Ind AS 17 - Leases and related interpretation and guidance. The Company has applied the standard to its leases, using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (April 1, 2019). Comparative information has not been restated.

Accordingly, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application.

The following is a summary of practical expedients elected by the Company on initial application:

Applied a single discount rate to a portfolio of leases with reasonably similar characteristics in similar economic environment.

Treated leases with remaining lease term of less than 12 months as if they were "short term leases"

Applied the exemption not to recognize right-of-use assets and liabilities for leases of low value assets

Application of hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

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

(i) The following is the break-up of current and non-current lease liabilities as at March 31, 2021

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	108.98	123.63
Non-current lease liabilities	576.67	643.88
	685.65	767.51

(ii) The following is the movement in the lease liabilities during the year ended March 31, 2021 and March 31, 2020

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Opening Lease liability	767.51	805.89
Finance cost accrued during the period	58.81	63.48
Lease payment	(140.67)	(101.86)
	685.65	767.51

(iii) The table below provides details regarding the contractual maturities of rental payments as of March 31, 2021

Particulars	(₹ in lakhs)				
	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Contractual rental payments	159.89	159.89	187.49	636.10	1,143.37
	159.89	159.89	187.49	636.10	1,143.37

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

Particulars	(₹ in lakhs)				
	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Contractual rental payments	140.67	159.89	305.38	678.10	1,284.04
	140.67	159.89	305.38	678.10	1,284.04

30 Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the followings:

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax asset</b>		
Provision for doubtful receivables	5.50	5.95
Provision for gratuity	22.63	19.64
Provision for compensated absences	14.18	18.10
On brought forward loss	1,730.57	1,652.73
Provision for slow & non moving inventory	0.80	0.56
Bonus payable	7.91	8.45
Unabsorbed Depreciation	97.98	97.98
<b>Total deferred tax asset</b>	<b>1,879.57</b>	<b>1,803.41</b>
<b>Deferred tax liability</b>		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act	(811.77)	(1,197.92)
<b>Total deferred tax liability</b>	<b>(811.77)</b>	<b>(1,197.92)</b>
<b>Deferred tax asset (net)</b>	<b>1,067.80</b>	<b>605.49</b>

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





### 31 Employee benefits

#### Defined contribution plan

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

The amount recognised as an expense towards contribution to Provident Fund and Employee State Insurance for the year aggregated to ₹ 132.30 lakhs (previous year: ₹ 132.09 lakhs).

#### Defined benefit plan

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

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

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Defined benefit obligations liability	209.82	184.08
Plan assets	49.93	49.77
Net defined benefit liability	159.89	134.31
Liability for compensated absences	124.09	133.84
<b>Total employee benefit liability</b>	<b>283.98</b>	<b>268.15</b>
Non-current	131.44	107.27
Current	152.54	160.88

#### B. Reconciliation of net defined benefit (assets) liability

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

##### i) Reconciliation of present values of defined benefit obligation

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Defined benefit obligation as at 1 April	184.08	148.88
Benefits paid		
-By the fund	(3.00)	(10.70)
-By the Company	(10.69)	(11.59)
Current service cost	28.49	22.56
Interest cost	8.09	7.81
Actuarial (gains)/ losses recognised in other comprehensive income		
-changes in demographic assumptions	(0.21)	3.70
-changes in financial assumptions	18.97	2.13
-experience adjustments	(15.91)	21.29
<b>Defined benefit obligations as at 31 March</b>	<b>209.82</b>	<b>184.08</b>

##### ii) Reconciliation of present values of plan assets

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Plan assets at beginning of the year	49.77	68.89
Interest income	2.66	4.55
Employer contribution	0.18	0.44
Benefits paid	(3.00)	(10.70)
Adjustment to opening fair value	-	(12.67)
Actuarial gain/(loss) on plan assets	0.32	(0.74)
<b>Plan assets at the end of the year</b>	<b>49.93</b>	<b>49.77</b>
<b>Net defined benefit liability</b>	<b>159.89</b>	<b>134.31</b>





31 Employee benefits (continued)

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

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	28.49	22.56
Interest cost	5.43	3.26
	<b>33.92</b>	<b>25.82</b>

ii) Remeasurements recognised in other comprehensive income

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Actuarial (gain)/ loss on defined benefit obligation	2.85	27.12
Return on plan assets excluding interest income	(0.32)	0.74
	<b>2.53</b>	<b>27.86</b>

D. Plan Assets

Plan assets comprises of the following:

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Pooled assets with an insurance company	49.93	49.77
	<b>49.93</b>	<b>49.77</b>

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

E. Defined Benefit obligation

i) Actuarial assumptions

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

Principal actuarial assumptions	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Attrition rate	Upto Level 6 = 43%, Level 7 and above = 35%	Upto Level 6 = 40%, Level 7 and above = 73%
Discount rate	4.41%-4.64%	5.35%
Mortality rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Future salary increases	7.90% for First Year 6% thereafter	0% for First Year 6% thereafter

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

As of March 31, 2021, the plan assets have been invested in insurer managed funds for Dharamshila unit and the expected contributions to the fund during the year ending March 31, 2021, is approximately ₹ 42.11 lakhs (previous year: ₹38.66 lakhs).

Maturity profile of defined benefit obligation

Particulars	(₹ in lakhs)	
	Amount	
1st following year	57.24	
2nd following year	42.51	
3rd following year	30.61	
4th following year	22.39	
5th following year	16.41	
Year 6 to 10	33.44	
Above 10 years	9.13	

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	(₹ in lakhs)			
	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(2.64)	2.71	(2.12)	2.13
Future salary increases (0.5% movement)	2.23	(1.87)	1.87	(1.88)
Attrition rate (0.5 % movement)	(0.61)	0.62	(0.47)	0.46
Mortality rate (0.10% movement)	0.01	-	-	(0.02)

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.

4



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

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

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
-Principal	222.33	124.76
-Interest	0.14	0.04
The amount of interest paid by the buyer as per the MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year,	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.14	0.04
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-



33 Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Enterprise having control over the Company	Narayana Hrudayalaya Limited
Key Management Personnel (KMP)	Dr. Devi Prasad Shetty - Director and Chairman of the Holding Company Shakuntala Shetty - Director (till September 16, 2020) Dr. Emmanuel Rupert- Managing Director Viren Prasad Shetty- Additional Director (w.e.f. November 2, 2020) Ravindra KS - Chief Financial Officer Hemish Purushottam - Company Secretary
Key Management Personnel (KMP) of the Holding Company	Viren Prasad Shetty- Whole Time Director Kesavan Venugopalan- Chief Financial Officer Sridhar S- Company Secretary
Fellow subsidiaries	Narayana Institute for Advanced Research Private Limited (NIARPL) Narayana Hospitals Private Limited (NHPL) Narayana Health Institutions Private Limited (NHIPL) Narayana Cayman Holdings Limited (NCHL) Meridian Medical Research & Hospital Limited (MMRHL) Narayana Holdings Private Limited (NHDPL) (Subsidiary of NCHL) Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL) NH Health Bangladesh private Limited (Subsidiary of NHDPL) Health City Cayman Islands Limited (HCCI) (Subsidiary of NCHL) Narayana Health North America LLC
Entity under control/ joint control of KMP/KMP of Holding company and their relatives	Narayana Hrudayalaya Foundation Amaryllis Healthcare Private Limited
Associate of Holding Company	Trimedx India Private Limited

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

(₹ in lakhs)

Transactions	Enterprise having control over the company	Entity under control/ joint control of KMP/KMP of Holding company and their relatives	Key Management Personnel (KMP)	Total
<b>Lease rental expense</b>				
Narayana Hrudayalaya Limited	49.56 (49.56)	- -	- -	49.56 (49.56)
Narayana Hrudayalaya Foundation	-	86.34 (86.34)	- -	86.34 (86.34)
<b>Total</b>	<b>49.56 (49.56)</b>	<b>86.34 (86.34)</b>	<b>- -</b>	<b>135.90 (135.90)</b>
<b>Purchase of Property, plant &amp; equipment</b>				
Narayana Hrudayalaya Limited	52.44 (46.85)	- -	- -	52.44 (46.85)
<b>Unsecured loan taken</b>				
Narayana Hrudayalaya Limited	2,745.00 (3,650.00)	- -	- -	2,745.00 (3,650.00)
<b>Interest expenses</b>				
Narayana Hrudayalaya Limited	65.88 (54.94)	- -	- -	65.88 (54.94)
<b>Payment of unsecured loan</b>				
Narayana Hrudayalaya Limited	2,500.00 (2,925.00)	- -	- -	2,500.00 (2,925.00)
<b>Reimbursement of expenses</b>				
Narayana Hrudayalaya Limited	33.62 (60.00)	- -	- -	33.62 (60.00)
<b>Teleradiology Cost</b>				
Narayana Hrudayalaya Limited	11.33 -	- -	- -	11.33 -
<b>Issue of equity shares</b>				
Narayana Hrudayalaya Limited	2,599.51 (2,127.82)	- -	- -	2,599.51 (2,127.82)
<b>Corporate guarantee given by holding company</b>				
Narayana Hrudayalaya Limited	3,500.00 (3,500.00)	- -	- -	3,500.00 (3,500.00)
<b>Purchase of medical consumables and drugs and Services</b>				
Narayana Hrudayalaya Limited	59.16 (39.52)	- -	- -	59.16 (39.52)
Amaryllis Healthcare Private Limited	-	112.10 (52.13)	- -	112.10 (52.13)
Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)	-	0.22 -	- -	0.22 -
Meridian Medical Research & Hospital Limited (MMRHL)	-	0.59 -	- -	0.59 -
<b>Total</b>	<b>59.16 (39.52)</b>	<b>112.91 (52.13)</b>	<b>- -</b>	<b>172.07 (91.65)</b>
<b>Sale of medical consumables and drugs and Services</b>				
Narayana Hrudayalaya Limited	74.01 (28.98)	- -	- -	74.01 (28.98)
Narayana Vaishno Devi Specialty Hospitals Private Limited	-	25.32 (2.60)	- -	25.32 (2.60)
<b>Short-term employee benefits*</b>				
Ravindra KS	-	-	62.75 (52.39)	62.75 (52.39)
Hemish Purushottam	-	-	17.33 (17.71)	17.33 (17.71)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>80.07 (70.10)</b>	<b>80.07 (70.10)</b>

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.





**Narayana Hrudayalaya Surgical Hospital Private Limited**  
**Notes to the financial statements for the year ended March 31, 2021 (continued)**

**33 Related party disclosures (continued)**

**c) The balances receivable from and payable to related parties**

(₹ in lakhs)

Balances	Enterprise having control over the company	Entity under control/ joint control of fellow subsidiary, KMP/KMP of Holding company and their relatives	Total
<b>Trade payables</b>			
Narayana Hrudayalaya Limited	411.55 (418.93)	- -	411.55 (418.93)
Amaryllis Healthcare Private Limited	- -	0.34 (0.79)	0.34 (0.79)
Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)	- -	14.55 -	14.55 -
Meridian Medical Research & Hospital Limited (MMRHL)	- -	0.59 -	0.59 -
<b>Total</b>	<b>411.55 (418.93)</b>	<b>15.48 (0.79)</b>	<b>427.03 (419.72)</b>
<b>Trade receivables</b>			
Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)	- -	- (2.60)	- (2.60)
<b>Corporate guarantee given / released by the holding company ( Net)</b>			
Narayana Hrudayalaya Limited	7,100.00 (7,100.00)	- -	7,100.00 (7,100.00)
<b>Unsecured loan given by the holding company</b>			
Narayana Hrudayalaya Limited	970.00 (725.00)	- -	970.00 (725.00)

Figures in brackets are for the previous year

**Note:**

- (a) No amount in respect of related parties have been written off/back or provided for during the year.  
(b) Related party relationships have been identified by the Management and relied upon by the auditors.  
(c) The terms and conditions of the transactions with related parties were no more favourable than those available, or those which might reasonably be expected to be available, in respect of similar transactions with other than related entities on an arm's length basis.





### 34 Earnings/(Loss) per share

#### Basic and diluted loss per share

The calculation of basic and diluted earnings/(loss) per share for the year ended March 31, 2021 was based on loss attributable to equity shareholders of ₹ 2,677.96 lakhs (March 31, 2020: ₹ 3,779.80 lakhs) and weighted average number of equity share outstanding 2,34,57,432 (March 31, 2020: 2,18,48,592).

Particulars	(₹ in lakhs, except no of shares)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/(loss) after tax	(2,678.52)	(3,779.80)
Total no of shares outstanding	22,748,800	21,465,400
Effect of shares issued during the year	708,632	383,192
<b>Weighted average number of equity shares (basic/diluted) for the year</b>	<b>23,457,432</b>	<b>21,848,592</b>
Basic and diluted earnings/(loss) per share (₹)	(11.42)	(17.30)
(Nominal value per share ₹ 10)		

### 35 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

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

Particulars	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Total equity attributable to the equity shareholders of the Company	(626.89)	(545.35)
As a percentage of total capital	-17%	-12%
Long-term borrowings including current maturities	2,393.33	3,248.68
Short-term borrowings	1,874.14	1,809.66
<b>Total borrowings</b>	<b>4,267.47</b>	<b>5,058.34</b>
As a percentage of total capital	117%	112%
<b>Total capital (Equity and Borrowings)</b>	<b>3,640.58</b>	<b>4,512.99</b>

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

On March 31, 2017, Company entered into Healthcare Services Agreement ("Agreement") with Dharamshila Cancer Foundation and Research Centre ("Society"). Accordingly, the Company has a control over the operations of Dharamshila Hospital and Research Centre ("Hospital") and provide healthcare services using the assets which are owned by the society. The arrangement of the Company with the Society attracts the application of business combination as per IND AS103. The Company commenced the provision of healthcare services at the Hospital on 1st April 2017 ("Commencement Date"). The term of the Agreement is 25 years, which the Parties may extend for a further period on such terms as may be mutually agreed. Neither Party shall have the right to terminate the Agreement before 10 years of the Commencement Date. The Hospital is renamed as "Dharamshila Narayana Superspecialty Hospital, A Unit of Dharamshila Cancer Foundation And Research Centre" as per the Agreement.

In terms of the Agreement, the Society is entitled to retain an annual revenue amount of ₹ 1,800 lakhs per annum with an annual escalation of 5% during the term the Company is in control of the operations of the Hospital. The fair value, applying the Discounted Cash Flow approach based on discount rate of 15.23% is determined by discounting the estimated annual amounts of revenue which the Society is entitled to retain from the Commencement Date. The excess amount of such fair value over the fair value of net assets of the Hospital, which the Company uses in exercise control over the operations of the Hospital, has been attributed towards goodwill.

The fair value accordingly has been attributed to use of the following assets based on Management's estimates:

Component	(₹ in lakhs)	
	Acquisition date	fair value
Property, plant and equipment		3,576.81
Property usage right		1,639.36
Intangible assets		4,637.00
<b>Total</b>		<b>9,853.17</b>
Goodwill		790.00
<b>Total purchase price</b>		<b>10,643.17</b>

The intangible assets are amortised over a period of ten years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realized.

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

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

The Company has paid an interest-free refundable security deposit amounting to ₹ 1,000 lakhs to the Society as per the Agreement. Security deposit was discounted and the differential was treated as prepaid rent and amortised over the term of the Agreement.

Refer note 4 and note 38 regarding provision for impairment recognized in the books relating to the Dharamshila unit and the allocation of the same to the tangible and intangible assets of the Unit.

4



37 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

	(₹ in lakhs)	
As at March 31, 2021	Amortised cost	Total
<b>Financial assets</b>		
Trade receivables	2,488.22	2,488.22
Cash and cash equivalents	145.11	145.11
Bank balances other than above	1.00	1.00
Loans	735.98	735.98
Other financial assets	1,929.81	1,929.81
	<b>5,300.12</b>	<b>5,300.12</b>
<b>Financial liabilities</b>		
Borrowings	3,557.17	3,557.17
Lease liabilities	685.65	685.65
Trade payables	3,853.22	3,853.22
Other financial liabilities	10,031.27	10,031.27
	<b>18,127.31</b>	<b>18,127.31</b>

	(₹ in lakhs)	
As at March 31, 2020	Amortised cost	Total
<b>Financial assets</b>		
Trade receivables	3,037.68	3,037.68
Cash and cash equivalents	699.68	699.68
Bank balances other than above	1.00	1.00
Loans	669.70	669.70
Other financial assets	978.64	978.64
	<b>5,386.70</b>	<b>5,386.70</b>
<b>Financial liabilities</b>		
Borrowings	4,371.21	4,371.21
Lease liabilities	767.51	767.51
Trade payables	4,058.95	4,058.95
Other financial liabilities	11,269.00	11,269.00
	<b>20,466.67</b>	<b>20,466.67</b>

Measurement of fair values

The carrying value of all financial assets approximates the fair value.

B. Financial risk management

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

(i) Risk management framework

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

(ii) Credit risk

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

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

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 2,915.52 lakhs (March 31, 2020: ₹ 3,682.00 lakhs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

	(₹ in lakhs)	
Allowance for credit loss	As at March 31, 2021	As at March 31, 2020
Opening balance	644.32	366.42
Expected credit loss recognised	(217.02)	277.90
Closing balance	<b>427.30</b>	<b>644.32</b>

No single customer accounted for more than 10% of the revenue as of March 31, 2021 and March 31, 2020. There is no significant concentration of credit risk.

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



(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. In addition, the Company maintains line of credit as stated in Note 14.

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

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

	(₹ in lakhs)				
Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	1,874.14	735.92	653.85	293.26	3,557.17
Lease liabilities	108.98	118.02	90.58	368.07	685.65
Trade payables	3,853.22	-	-	-	3,853.22
Other financial liabilities	1,366.08	479.65	8,127.94	57.60	10,031.27
<b>Total</b>	<b>7,202.42</b>	<b>1,333.59</b>	<b>8,872.37</b>	<b>718.93</b>	<b>18,127.31</b>

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

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

(iv) Market risk

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

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

(a) Interest rate risk exposure

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

	(₹ in lakhs)	
Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate long term borrowings including current maturities	-	-
<b>Total borrowings</b>	<b>-</b>	<b>-</b>

(b) Sensitivity

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

	(₹ in lakhs)			
Particulars	Impact on profit or loss		Impact on other components of equity	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Sensitivity				
1% increase in MCLR rate	-	-	-	-
1% decrease in MCLR rate	-	-	-	-

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

38 Exceptional items

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

39 The Company has entered a Consultancy contract with The Government of St. Lucia (GOSL) on October 7, 2020 for a period of 2 years to co-ordinate and share expertise on transition of Victoria Hospital to Owen king European Union Hospital (OKEUH) and provide advisory and consultancy services for management of operations of OKEUH with a view to ensuring that global best practices are adhered to.





40 On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and suggested guidelines for containment and mitigation worldwide. Whilst Q1 of FY2021 was severely impacted due to the pandemic, the Company's operations started to gradually increase during Q2 and Q3 of FY21 consequent to the reduction of the impact of the pandemic. With the increase in the severity of the outbreak towards the end of Q4 of FY21 and subsequent to March 31, 2021, the state governments have re-imposed various restrictions and lockdowns.

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


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

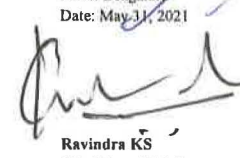
41 Code on Social Security 2020

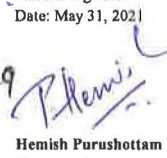
The Code on Social Security, 2020 ("the Code") which would impact the contributions by the Company towards Provident Fund and Gratuity has received Presidential assent in September 2020. The Code have been published in the Gazette of India. However, the date from which the Code will come into effect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

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

  
Dr. Devi Prasad Shetty  
Director  
DIN: 00252187  
Place: Bengaluru  
Date: May 31, 2021

  
Dr. Emmanuel Rupert  
Managing Director  
DIN : 07010883  
Place: Bengaluru  
Date: May 31, 2021

  
Ravindra KS  
Chief Financial Officer  
Place: Bengaluru  
Date: May 31, 2021

  
Hemish Purushottam  
Company Secretary  
Place: Bengaluru  
Date: May 31, 2021

