

INDEPENDENT AUDITOR'S REPORT

To The Members of Narayana Hospitals Private Limited Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Narayana Hospitals Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, 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 (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the 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.

Responsibilities of Management and Those Charged with Governance 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 with reference to financial statements in place and the operating effectiveness of such controls.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is

disqualified as on March 31, 2023 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 with reference to financial statements 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 with reference to financial statements.
- 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 March 31, 2023 and hence reporting under Section 197 of the Act is not applicable.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company did not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.
 - (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 35(iii) to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 35(iv) to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under

sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The Company has not declared or paid any dividend during the current year.
 - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W – 100018)

Monisha Parikh

Partner

Place – Bengaluru

Date – May 19, 2023

MP/EKP/SM/BA/2023

(Membership No. 47840)

UDIN: 23047840BGUCKQ4685

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 with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Narayana Hospitals Private Limited ("the Company") as of March 31, 2023 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 with reference to financial statements based on the internal control with reference to financial statements 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 with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Bengaluru
Date: May 19, 2023
MP/EKP/SM/BA/2023

Monisha Parikh
Partner
(Membership No. 47840)
UDIN: 23047840BGUCKQ4685

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)

In terms of the information and explanations sought by us and given by the Company, and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we state that -

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Investment properties.
 - (B) The Company does not have any intangible assets and hence reporting under clause (i)(a)(B) is not applicable.
- (i) (b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment 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.
- (i) (c) The Company has not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.
- (i) (d) The Company has not revalued any of its Property, Plant and Equipment and Investment properties during the year.
- (i) (e) No proceedings have been initiated during the year or are pending against the Company as at March 31,2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder, and hence reporting under clause 3(i)(e) of the Order is not applicable.
- (ii) (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.
- (ii) (b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured, or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.

- (iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit during the year nor has any unclaimed deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Act. Hence reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 and hence reporting under Clause (vi) of the Order is not applicable.
- (vii) (a) In respect of statutory dues:

Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, duty of Customs, cess and other material statutory dues applicable to the Company have been regularly deposited with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, duty of Customs, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (vii) (b) There are no statutory dues referred to in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.
- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) The Company has not defaulted in the repayment of borrowings or in the payment of interest thereon during the year.
- (ix) (b) The Company has not been declared wilful defaulter by any bank, financial institution or other lender.
- (ix) (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- (ix) (d) The Company has not raised funds on short-term basis and hence, reporting under clause (ix)(d) of the Order is not applicable to the Company.
- (ix) (e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- (ix) (f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

- (x) (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (xi) (b) To the best of our knowledge, no report under sub-section (12) of Section 143 of the Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (xi) (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with section 188 of the Companies Act for all transaction 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. The provisions of section 177 of the Companies Act, 2013 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations provided to us, internal audit system under section 138 of the Companies Act, 2013 is not applicable to the Company. Hence, reporting under clauses (xiv)(a) and (xiv)(b) of the Order is not applicable.
- (xv) During the year, the Company has not entered into any non-cash transactions with any of its directors, or directors of the company, subsidiary companies, associate companies or persons connected with such directors and hence provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clauses 3(xvi)(a),(b),and(c) of the Order is not applicable.
- (xvi) (b)
- (xvi) (c)
- (xvi) (d) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from

the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)

The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provision of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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

Place: Bengaluru
Date: May 19, 2023
MP/EKP/SM/BA/2023

Monisha Parikh
Partner
(Membership No. 47840)
UDIN: 23047840BGUCKQ4685

Narayana Hospitals Private Limited
U85110KA2004PTC033913
Balance Sheet

(₹ in thousands)			
Particulars	Note No	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4 (a)	-	1.27
Investment property	4 (b)	19,68,700.74	19,73,956.12
Financial assets			
(i) Other financial assets	5 (a)	150.00	150.00
Income tax assets (net)	6	6,381.41	5,454.44
Other non-current assets	7 (a)	59,317.37	53,385.62
Total non-current assets		20,34,549.52	20,32,947.45
Current assets			
Financial assets			
(i) Trade receivables	8	13,079.13	9,235.73
(ii) Cash and cash equivalents	9 (a)	124.40	30.35
(iii) Bank balances other than (ii) above	9 (b)	4,009.69	3,850.68
(iv) Other financial assets	5 (b)	57.29	176.49
Other current assets	7 (b)	65.45	-
Total current assets		17,335.96	13,293.25
TOTAL ASSETS		20,51,885.48	20,46,240.70
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10 (a)	5,32,614.42	5,32,614.42
Other equity	10 (b)	1,35,928.65	1,15,162.43
Total equity		6,68,543.07	6,47,776.85
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Other financial liabilities	11 (a)	2,80,000.00	2,80,000.00
Other non-current liabilities	12 (a)	10,20,508.30	10,41,817.09
Provisions	14 (a)	195.21	-
Total non-current liabilities		13,00,703.51	13,21,817.09
Current liabilities			
Financial liabilities			
(i) Borrowings		-	-
(ii) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	13	-	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		4,037.30	1,124.48
(iii) Other financial liabilities	11 (b)	56,527.54	53,809.55
Other current liabilities	12 (b)	21,802.15	21,712.73
Provisions	14 (b)	271.91	-
Total current liabilities		82,638.90	76,646.76
TOTAL EQUITY AND LIABILITIES		20,51,885.48	20,46,240.70
Significant accounting policies	3		

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

For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Sd/-
Monisha Parikh
Partner

Sd/-
Dr. Devi Prasad Shetty
Director
DIN : 00252187

Sd/-
Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 19, 2023

Place: Bengaluru
Date: May 19, 2023

Place: Bengaluru
Date: May 19, 2023

Sd/-
Lokesh Dhamaniya
Chief Financial Officer
Place: Bengaluru
Date: May 19, 2023

Sd/-
Sridhar S
Company Secretary
Place: Bengaluru
Date: May 19, 2023

Narayana Hospitals Private Limited
U85110KA2004PTC033913
Statement of Profit and Loss

(₹ in thousands)			
Particulars	Note No	For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME			
Revenue from operations	15	9,000.00	9,000.00
Other income	16	21,469.85	21,491.96
Total income (A)		30,469.85	30,491.96
EXPENSES			
Employee benefit expenses	17	3,622.13	2,021.11
Other expenses	18	751.47	55,687.04
Expenses before depreciation and amortisation and finance costs (B)		4,373.60	57,708.15
Earnings before finance costs, depreciation and amortisation and tax (A-B)		26,096.25	(27,216.19)
Finance costs (C)	19	-	2,054.17
Depreciation and amortisation expense (D)	20	5,256.24	5,257.43
Total Expenses (E)=(B+C+D)		9,629.84	65,019.75
Profit / (loss) before tax (F)=(A-E)		20,840.01	(34,527.79)
Tax expense			
(a) Current tax		-	-
(b) Deferred tax charge / (credit)		-	-
Total tax expense (G)		-	-
Profit / (loss) for the year(H)=(F)-(G)		20,840.01	(34,527.79)
Other comprehensive income (OCI)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Re-measurement of defined benefit plans		(73.79)	-
Other comprehensive income for the year, net of income tax (I)		(73.79)	-
Total comprehensive income for the year (J)=(I)+(H)		20,766.22	(34,527.79)
Earnings per share			
Basic and diluted (₹)	30	0.39	(0.65)
Significant accounting policies	3		

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

For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: May 19, 2023

Sd/-
Dr. Devi Prasad Shetty
Director
DIN : 00252187

Place: Bengaluru
Date: May 19, 2023

Sd/-
Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 19, 2023

Sd/-
Lokesh Dhamaniya
Chief Financial Officer

Place: Bengaluru
Date: May 19, 2023

Sd/-
Sridhar S
Company Secretary

Place: Bengaluru
Date: May 19, 2023

Narayana Hospitals Private Limited
U85110KA2004PTC033913
Statement of changes in equity for the year ended March 31, 2023

(a) Equity share capital	(₹ in thousands, except no of shares)	
Particulars	No. of Shares	Amount
Equity shares of ₹10 each issued, subscribed and fully paid up		
Balance as at April 1, 2021	5,32,61,442	5,32,614.42
Changes in equity share capital during 2021-22	-	-
Balance as at March 31, 2022	5,32,61,442	5,32,614.42
Changes in equity share capital during 2022-23	-	-
Balance as at March 31, 2023	5,32,61,442	5,32,614.42

(b) Other equity			(₹ in thousands)
Particulars	Reserves & Surplus	Other Comprehensive income	Total other equity
	Retained earnings	Re-measurement of defined benefit plans	
Balance as at April 1, 2021	1,49,623.94	66.28	1,49,690.22
Profit for the year	(34,527.79)	-	(34,527.79)
Other comprehensive income	-	-	-
Balance as at March 31, 2022	1,15,096.15	66.28	1,15,162.43
Profit for the year	20,840.01	-	20,840.01
Other comprehensive income	-	(73.79)	(73.79)
Balance as at March 31, 2023	1,35,936.16	(7.51)	1,35,928.65

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 Hospitals Private Limited

Sd/-
Monisha Parikh
Partner

Sd/-
Dr. Devi Prasad Shetty
Director
DIN : 00252187

Sd/-
Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 19, 2023

Place: Bengaluru
Date: May 19, 2023

Place: Bengaluru
Date: May 19, 2023

Sd/-
Lokesh Dhamaniya
Chief Financial Officer
Place: Bengaluru
Date: May 19, 2023

Sd/-
Sridhar S
Company Secretary
Place: Bengaluru
Date: May 19, 2023

Narayana Hospitals Private Limited
U85110KA2004PTC033913
Statement of cash flows

	(₹ in thousands)	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from operating activities		
Profit / (loss) after tax	20,840.01	(34,527.79)
Adjustments:		
Finance costs	-	2,054.17
Depreciation and amortisation expense	5,256.24	5,257.43
Provision for doubtful advances	-	54,439.48
Government grant	(21,308.79)	(21,308.79)
Interest Income	(161.06)	(183.17)
Operating cash flow before working capital changes	4,626.40	5,731.33
Changes in trade receivables	(3,843.40)	28,441.80
Changes in other financial assets and other assets	(5,997.20)	(5,110.48)
Changes in trade payables, other financial liabilities and other liabilities	6,113.56	4,737.22
Cash generated from operations	899.36	33,799.87
Income taxes (paid)/refund	(926.97)	(911.64)
Net cash generated from / (used in) operating activities (A)	(27.61)	32,888.23
Cash flow from investing activities		
Investment in bank deposit	(159.01)	(3,850.68)
Sale of Property, Plant and Equipment	0.41	
Realisation of bank deposit	-	3,598.64
Interest received	280.26	173.68
Net Cash generated from / (used in) investing activities (B)	121.66	(78.36)
Cash flow from financing activities		
Repayment of loan	-	(20,000.00)
Interest paid	-	(12,900.00)
Net cash used in financing activities (C)	-	(32,900.00)
Net decrease in cash and cash equivalents (A+B+C)	94.05	(90.13)
Cash and cash equivalents at the beginning of the year	30.35	120.48
Cash and cash equivalents at the end of the year (refer note 9)	124.40	30.35

Significant accounting policies

3

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

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: May 19, 2023

Sd/-
Dr. Devi Prasad Shetty
Director
DIN : 00252187

Place: Bengaluru
Date: May 19, 2023

Sd/-
Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 19, 2023

Sd/-
Lokesh Dhamaniya
Chief Financial Officer

Place: Bengaluru
Date: May 19, 2023

Sd/-
Sridhar S
Company Secretary

Place: Bengaluru
Date: May 19, 2023

Narayana Hospitals Private Limited

Notes to the financial statements for the year ended March 31, 2023

1. Company overview

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

The Company is engaged in establishing, promoting, owning, letting, managing and maintaining hospitals, clinics, health centres, nursing homes in all disciplines of medical and without limitation to run and administer healthcare schemes.

2. Basis of preparation of the financial statements

2.1. Statement of compliance

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

The financial statements were authorized for issue by the Company's Board of Directors on May 19, 2023.

Details of the accounting policies are included in Note 3.

2.2. Going Concern

Whilst the current liabilities of the Company exceed its current assets as at March 31, 2023, the financial statements have been drawn up on a going concern basis in view of the support letter received from Narayana Hrudayalaya Limited, the Holding Company confirming their continued financial support to the Company to enable it to continue its operations and settle its obligations as and when they become due over the next twelve month period.

2.3. Functional and presentation currency

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

2.4. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value

2.5. Use of estimates and judgments

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

Narayana Hospitals Private Limited

Notes to the financial statements for the year ended March 31, 2023 (Continued)

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

Judgements

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

- Note 24 – leases
- Note 34 – financial instruments

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2023 is included in the following notes:

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

2.6. Measurement of fair values

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

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

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

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

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

Note 34 – 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.

Narayana Hospitals Private Limited

Notes to the financial statements for the year ended March 31, 2023 (Continued)

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

b. Classification and subsequent measurement

Financial assets

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

- amortised cost;
- FVTPL

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

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

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

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

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

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

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

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

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

Narayana Hospitals Private Limited

Notes to the financial statements for the year ended March 31, 2023 (Continued)

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c. Derecognition

Financial assets

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

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

Financial liabilities

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

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

d. Offsetting

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

Narayana Hospitals Private Limited

Notes to the financial statements for the year ended March 31, 2023 (Continued)

3.2. Cash and cash equivalents

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

3.3. Cash flow statement

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

3.4. Revenue recognition

Rental income

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

3.5. Property, Plant and Equipment

Recognition and measurement

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

Depreciation and amortization

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

Block of assets	Useful life
Building	60 years
Medical equipment	13 years
Other equipment	15 years

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

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

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

3.6. Employee benefits

Short term employee benefits

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

Post-employment benefits

Defined benefit plans

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

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

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

Compensated absences

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

3.7. Government grants

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

Notes to the financial statements for the year ended March 31, 2023 (Continued)

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

3.8. Borrowing cost

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

3.9. Leases

The Company's lease asset classes primarily consist of leases for land. 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 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.

3.10. Earnings per share

The Earnings per share is computed by dividing the earnings attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company does not have potential dilutive equity shares outstanding during the year.

3.11. Income tax

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences.

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

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

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

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

3.12. Provisions and contingencies

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

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

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

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

3.13. Impairment

Impairment of non-financial assets

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

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

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

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

3.14. Investment Property

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

Based on the technical evaluation and consequent advice, the Management believes a period of 60 years as representing the best estimate for the period over which investment property in the nature of Building are expected to be used which is in line with the indicative useful life mentioned in Part C of Schedule II of the Act.

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

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

Narayana Hospitals Private Limited

Notes to the financial statements for the year ended March 31, 2023 (Continued)

3.15 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.16 Standards Issued but Not Effective

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to the Company from April 1, 2023.

Ind AS 101 – First time adoption of Ind AS

Ind AS 102 – Share-based payment

Ind AS 103 – Business Combinations

Ind AS 107 – Financial Instruments: Disclosures

Ind AS 109 – Financial Instruments

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 1 – Presentation of Financial Statements

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

Ind AS 12 – Income Taxes

Ind AS 34 – Interim Financial Reporting

The Company is in the process of evaluating the impact of the above amendments on the Company's financial statements.

Narayana Hospitals Private Limited

Notes to the financial statements for the year ended March 31, 2023 (continued)

4 (a) Property, plant and equipment (2022- 23)

(₹ in thousands)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 1, 2022	Additions	Deletions	As at March 31, 2023	As at April 1, 2022	Depreciation	Deletions	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Tangible assets (owned)										
Leasehold improvements	94.11	-	-	94.11	94.11	-	-	94.11	-	-
Medical equipments	82.72	-	-	82.72	82.72	-	-	82.72	-	-
Other equipments	37.15	-	-	37.15	35.88	1.27	-	37.15	-	1.27
Furniture and fixtures	255.31	-	-	255.31	255.31	-	-	255.31	-	-
Total - A	469.29	-	-	469.29	468.02	1.27	-	469.29	-	1.27

4 (a) Property, plant and equipment (2021- 22)

(₹ in thousands)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 1, 2021	Additions	Deletions	As at March 31, 2022	As at April 1, 2021	Depreciation	Deletions	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Tangible assets (owned)										
Leasehold improvements	94.11	-	-	94.11	94.11	-	-	94.11	-	-
Medical equipments	82.72	-	-	82.72	82.72	-	-	82.72	-	-
Other equipments	37.15	-	-	37.15	33.40	2.48	-	35.88	1.27	3.75
Furniture and fixtures	255.31	-	-	255.31	255.31	-	-	255.31	-	-
Total - A	469.29	-	-	469.29	465.54	2.48	-	468.02	1.27	3.75

Narayana Hospitals Private Limited

Notes to the financial statements for the year ended March 31, 2023 (continued)

4 (b) Investment property (2022 - 23)

(₹ in thousands)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 1, 2022	Additions	Deletions	As at March 31, 2023	As at April 1, 2022	Depreciation	Deletions	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Owned										
Building**	3,14,668.01	-	-	3,14,668	60,071.29	5,254.97	-	65,326.26	2,49,341.74	2,54,596.72
Leases										
Leasehold Land for perpetuity (i)	17,23,694.48	-	-	17,23,694	4,335.08	-	-	4,335	17,19,359	17,19,359.40
Total carrying value	20,38,362.49	-	-	20,38,362.00	64,406.37	5,254.97	-	69,661.26	19,68,700.74	19,73,956.12
Fair value									43,78,948.37	40,34,291.58

4 (b) Investment property (2021 - 22)

(₹ in thousands)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 1, 2021	Additions	Deletions	As at March 31, 2022	As at April 1, 2021	Depreciation	Deletions	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Owned										
Building**	3,14,668.01	-	-	3,14,668.01	54,816.34	5,254.95	-	60,071.29	2,54,596.72	2,59,851.67
Leases										
Leasehold Land for perpetuity (i)	17,23,694.48	-	-	17,23,694.48	4,335.08	-	-	4,335.08	17,19,359.40	17,19,359.40
Total carrying value	20,38,362.49	-	-	20,38,362.49	59,151.42	5,254.95	-	64,406.37	19,73,956.12	19,79,211.07
Fair value									40,34,291.58	37,16,770.87

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

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

The lease hold land in Jaipur along with the Building, having carrying value ₹ 3,17,400.67 thousands (March 31, 2022 : ₹ 3,22,655.66 thousands) is given as an equitable mortgage for term loan ₹ 51,000.00 thousand (March 31, 2022 : ₹ 1,19,000.00 thousands) taken by Narayana Hrudayalaya Surgical Hospital Private Limited and ₹ 3,83,000.00 thousands (March 31, 2022 : ₹ 3,63,000.00 thousands) taken by Narayana Hrudayalaya Limited from HSBC Bank.

(i) Measurement of fair values

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

(ii) Valuation technique

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

(iii) Lease arrangements

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

(iv) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

Narayana Hospitals Private Limited

Notes to the financial statements for the year ended March 31, 2023 (continued)

5 Other financial assets		(₹ in thousands)	
Particulars	As at March 31, 2023	As at March 31, 2022	
(a) Non-current			
<i>To parties other than related parties</i>			
Security deposit	150.00	150.00	
	150.00	150.00	
(b) Current			
<i>To parties other than related parties</i>			
Interest accrued on fixed deposits but not due	50.81	170.01	
Others	6.48	6.48	
	57.29	176.49	

6 Income tax assets (net)		(₹ in thousands)	
Particulars	As at March 31, 2023	As at March 31, 2022	
Advance income tax and tax deducted at source, net	6,381.41	5,454.44	
	6,381.41	5,454.44	

7 Other assets		(₹ in thousands)	
<i>(Unsecured and considered good, unless stated otherwise)</i>			
Particulars	As at March 31, 2023	As at March 31, 2022	
(a) Non-current			
<i>To parties other than related parties</i>			
Capital advances (refer note 29)	59,317.37	1,07,825.10	
Less: Provision for doubtful advances	-	(54,439.48)	
Net Capital advances	59,317.37	53,385.62	
(b) Current			
<i>To parties other than related parties</i>			
Balances with Government authorities	65.45	-	
	65.45	-	

8 Trade receivables		(₹ in thousands)	
Particulars	As at March 31, 2023	As at March 31, 2022	
<i>From related parties (refer note 27)</i>			
Unsecured - Considered good	13,079.13	9,235.73	
Less: Allowances for Expected credit losses	-	-	
Net Trade Receivables	13,079.13	9,235.73	

Trade receivables ageing schedule						(₹ in thousands)
Particulars	<u>Outstanding for the following period from due date of payments</u>					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - Considered Good						
As at March 31, 2023	1,645.30	2,198.08	9,000.00	235.75	-	13,079.13
As at March 31, 2022	4,500.00	4,500.00	235.73	-	-	9,235.73

The Company's exposure to credit and currency risks related to trade receivables are disclosed in note 33

9 Cash and cash equivalents		(₹ in thousands)	
Particulars	As at March 31, 2023	As at March 31, 2022	
(a) Balance with banks			
- On current accounts	124.40	30.35	
	124.40	30.35	
(b) Bank balances other than above			
-In deposit accounts (due to mature within 12 months of the reporting date)	4,009.69	3,850.68	
	4,009.69	3,850.68	

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

Particulars	As at March 31, 2023	As at March 31, 2022	
Balance with banks			
- On current accounts	124.40	30.35	
Cash and cash equivalents in the statement of cash flows	124.40	30.35	

(₹ in thousands)		
Particulars	As at March 31, 2023	As at March 31, 2022
Authorised		
5,40,00,000 equity shares of ₹ 10 each	5,40,000.00	5,40,000.00
Issued, subscribed and paid up		
5,32,61,442 equity shares of ₹ 10 each, fully paid up	5,32,614.42	5,32,614.42
	5,32,614.42	5,32,614.42

(₹ in thousands, except no of shares)				
Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	5,32,61,442	5,32,614.42	5,32,61,442	5,32,614.42
Shares issued during the year	-	-	-	-
At the end of the year	5,32,61,442	5,32,614.42	5,32,61,442	5,32,614.42

Rights, preference and restriction attached to equity shares

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

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

Shares held by Holding Company

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Narayana Hrudayalaya Limited	5,32,61,436	5,32,614.36	5,32,61,436	5,32,614.36
	5,32,61,436	5,32,614.36	5,32,61,436	5,32,614.36

Particulars of shareholders holding more than 5% shares

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares*	% holding	Number of shares*	% holding
Narayana Hrudayalaya Limited	5,32,61,436	99.99%	5,32,61,436	99.99%
	5,32,61,436	99.99%	5,32,61,436	99.99%

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

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

Shareholding of promoter

Shares held by promoters as at March 31, 2023

Promoter name	No of shares	% of total shares	% Change during the year
Narayana Hrudayalaya Limited	5,32,61,436	99.999991%	0.00%
Dr. Devi Prasad Shetty *	1	0.000002%	0.00%
Shakuntala Shetty *	1	0.000002%	0.00%
Viren Prasad Shetty *	1	0.000002%	0.00%
Dr. Varun Shetty *	1	0.000002%	0.00%
Dr. Anesh Shetty *	1	0.000002%	0.00%

* These shares are held by registered shareholders holding on behalf of beneficial shareholder i.e. Narayana Hrudayalaya Limited.

10 (b) Other Equity

(₹ in thousands)		
Particulars	As at March 31, 2023	As at March 31, 2022
Reserve and Surplus		
Retained earnings		
At the commencement of the year	1,15,096.15	1,49,623.94
Add: Net profit / (loss) transferred from statement of profit and loss	20,840.01	(34,527.79)
	1,35,936.16	1,15,096.15
Other Comprehensive Income		
At the commencement of the year	66.28	66.28
Add: Net profit transferred from statement of profit and loss	(73.79)	-
	(7.51)	66.28
At the end of the year	1,35,928.65	1,15,162.43

11 Other financial liabilities

(₹ in thousands)		
Particulars	As at March 31, 2023	As at March 31, 2022
(a) Non-current		
<i>From related parties (refer note 27)</i>		
Deposit	2,80,000.00	2,80,000.00
	2,80,000.00	2,80,000.00
(b) Current		
<i>From parties other than related parties</i>		
Creditors for capital goods (refer note 29)	56,527.54	53,385.73
<i>From related parties (refer note 27)</i>		
Interest accrued but not due on loan	-	423.82
	56,527.54	53,809.55

The Company's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note 33.

		(₹ in thousands)	
12 Other liabilities			
Particulars	As at March 31, 2023	As at March 31, 2022	
(a) Non-current			
<i>To parties other than related parties</i>			
Deferred government grant *	10,20,508.30	10,41,817.09	
	10,20,508.30	10,41,817.09	
(b) Current			
<i>To parties other than related parties</i>			
Deferred government grant *	21,308.79	21,308.79	
Due to statutory/ government authorities	493.36	403.94	
	21,802.15	21,712.73	

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

Summary of the government grant received by the Company and its annual amortisation:-

		(₹ in thousands)	
Particulars	As at March 31, 2023	As at March 31, 2022	
Opening Balance	10,63,125.88	10,84,434.67	
Add: Grants during the year	-	-	
Less: Released to profit or loss	21,308.79	21,308.79	
Less: Reversal of Government Grant	-	-	
Closing Balance	10,41,817.09	10,63,125.88	
Current Portion	21,308.79	21,308.79	
Non-Current Portion	10,20,508.30	10,41,817.09	
	10,41,817.09	10,63,125.88	

		(₹ in thousands)	
13 Trade payables			
Particulars	As at March 31, 2023	As at March 31, 2022	
Total outstanding dues of micro enterprises and small enterprises (refer note 26)	-	-	
Total outstanding dues of creditors other than micro enterprises and small enterprises*	4,037.30	1,124.48	
	4,037.30	1,124.48	

* The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 33

		(₹ in thousands)				
Trade payables ageing schedule		Outstanding for following periods from due date of payments				
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	
As at March 31, 2023						
(a) MSME	-	-	-	-	-	
(b) Others	4,037.30	-	-	-	4,037.30	
(c) Disputed dues - MSME	-	-	-	-	-	
(d) Disputed dues - Others	-	-	-	-	-	
Total	4,037.30	-	-	-	4,037.30	
As at March 31, 2022						
(a) MSME	-	-	-	-	-	
(b) Others	1,124.48	-	-	-	1,124.48	
(c) Disputed dues - MSME	-	-	-	-	-	
(d) Disputed dues - Others	-	-	-	-	-	
Total	1,124.48	-	-	-	1,124.48	

		(₹ in thousands)	
14 Provisions			
Particulars	As at March 31, 2023	As at March 31, 2022	
(a) Non-current			
Provision for employee benefits			
Gratuity	195.21	-	
	195.21	-	
(b) Current			
Provision for employee benefits			
Gratuity	79.84	-	
Compensated absences	192.07	-	
	271.91	-	

Narayana Hospitals Private Limited
Notes to the financial statements for the year ended March 31, 2023 (continued)

15 Revenue from operations	(₹ in thousands)	
	For the year ended	For the year ended
Particulars	March 31, 2023	March 31, 2022
Investment property rentals	9,000.00	9,000.00
	9,000.00	9,000.00
16 Other income	(₹ in thousands)	
	For the year ended	For the year ended
Particulars	March 31, 2023	March 31, 2022
Government grant	21,308.79	21,308.79
Interest income on fixed deposits	161.06	183.17
	21,469.85	21,491.96
17 Employee benefit expenses	(₹ in thousands)	
	For the year ended	For the year ended
Particulars	March 31, 2023	March 31, 2022
Salaries, wages and bonus	3,579.33	1,787.00
Gratuity expense	42.80	234.11
	3,622.13	2,021.11
18 Other expenses	(₹ in thousands)	
	For the year ended	For the year ended
Particulars	March 31, 2023	March 31, 2022
Rent	-	821.27
Legal and professional fees (see note (i) below)	530.51	423.66
Rates and taxes	220.73	2.50
Provision for doubtful advances	-	54,439.48
Bank Charges	0.23	0.13
	751.47	55,687.04
Note (i):	(₹ in thousands)	
Payment to auditors*	For the year ended	For the year ended
Particulars	March 31, 2023	March 31, 2022
As an auditor		
(i) Audit fee	100.00	100.00
(ii) Out of Pocket Expenses	2.50	-
	102.50	100.00
19 Finance costs	(₹ in thousands)	
	For the year ended	For the year ended
Particulars	March 31, 2023	March 31, 2022
Interest expense on financial liabilities measured at amortised cost		
- unsecured loan	-	2,054.17
	-	2,054.17
20 Depreciation and amortisation expense	(₹ in thousands)	
	For the year ended	For the year ended
Particulars	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment (refer note 4 (a))	1.27	2.48
Depreciation of investment property (refer note 4 (b))	5,254.97	5,254.95
	5,256.24	5,257.43

Narayana Hospitals Private Limited
Notes to the financial statements for the year ended March 31, 2023 (continued)

21 Contingent liabilities and commitments:

(i) Contingent liabilities:

The Company does not have any contingent liability as on March 31, 2023 (March 31, 2022 - Nil).

(ii) Commitments:

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and other commitments and not provided for amounts to ₹ 54,439.38 (March 31, 2022: ₹ 54,439.37 thousands). Refer note 29.

22 Segment reporting

Operating Segments

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

Geographical information

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

23 Leases

A. The Company as a lessee

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

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

Particulars	(₹ in thousands)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Cancellable	-	821.27
	-	821.27

B. The Company as a lessor

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

(i) Amounts recognised in statement of profit and loss

Particulars	(₹ in thousands)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Income from property rentals	9,000.00	9,000.00
	9,000.00	9,000.00

The Company has given the hospital in Jaipur to Narayana Hrudayalaya Limited, the holding company, for rendering medical and healthcare services. In accordance with the terms of the agreement, the Company is entitled to and has recorded income of ₹ 9,000.00 thousands for the year ended March 31, 2023

24 Income tax

Deferred tax assets and liabilities are attributable to the following:

Particulars	(₹ in thousands)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Deferred tax asset		
Provision for gratuity	76.52	-
Provision for compensated absences	53.43	-
Provision for doubtful advances	-	15,145.06
On brought forward loss	-	-
Unabsorbed Depreciation	50,262.82	48,759.08
Total deferred tax asset	50,392.77	63,904.14
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(44,509.95)	(43,204.53)
Total deferred tax liability	(44,509.95)	(43,204.53)
Deferred tax asset (net)	5,882.82	20,699.61

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

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

Narayana Hospitals Private Limited
Notes to the financial statements for the year ended March 31, 2023 (continued)

26 According to the information available with the Company, there are no dues payable to Micro, Small and Medium Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2023 (March 31, 2022: Nil).

Particulars	(₹ in thousands)	
	As at March 31, 2023	As at March 31, 2022
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
-Principal	-	-
-Interest	-	-
The amount of interest paid by the buyer as per the MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

27 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)	Shakuntala Shetty- Whole time Director Lokesh Dhamaniya-Chief Financial Officer (w.e.f. March 29, 2022) Sridhar S - Company Secretary
Key Management Personnel (KMP) of the Holding Company	Dr. Devi Prasad Shetty - Chairman & Whole time Director Viren Prasad Shetty- Whole Time Director and Executive Vice Chairman Dr.Emmanuel Rupert-Managing Director and Group CEO Sandhya Jayaraman- Chief Financial Officer Sridhar S - Company Secretary
Fellow Subsidiaries	Meridian Medical Research & Hospital Ltd (MMRHL) Narayana Hrudayalaya Surgical Hospital Private Limited (NHSPL) Narayana Institute for Advanced Research Private Limited (NIARPL) (under Liquidation) Health City Cayman Islands Ltd (HCCI) Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL) Narayana Health Institutions Private Limited (NHIPL)(under Strick off) NH Health Bangladesh Private Limited (NHDPL) NH Integrated Care Private Limited (NHIC) w.e.f. 10th January 2023 Athma Healthtech Private Limited (AHPL) w.e.f. 2nd June, 2022 ENT in Cayman Ltd. (EICL) w.e.f. March 3, 2023 Cayman Integrated Healthcare Ltd (CIHL) September 28,2022 Narayana Holdings Private Limited (NHPL, Mauritius) Narayana Health North America LLC
Entity under control/ joint control of KMP/KMP of Holding company and their relatives	Amaryliss Healthcare Private Limited Hrudayalaya Pharmacy Charnakki Infrastructures Thrombosis Research Institute (TRI) Narayana Hrudayalaya Foundation (NHF) Mazumdar Shaw Medical Foundation (MSMF) Narayana Health Academy Private Limited (NHAPL) Asia Heart Foundation (AHF)

(b) Transactions with related party during the year
(₹ in thousands)

Transactions	Enterprise having control over the Company	Total
Income from property rentals	9,000.00 (9,000.00)	9,000.00 (9,000.00)
Reimbursement of expenses	5,799.55 (5,261.79)	5,799.55 (5,261.79)
Settlement of Trade receivables	- (32,900.00)	- (32,900.00)
Repayment of Loan	- (20,000.00)	- (20,000.00)
Interest expenses	- (2,054.17)	- (2,054.17)
Payment of Interest	- (12,900.00)	- (12,900.00)
Short-term employee benefits*	Key Management Personnel (KMP)	Total
Lokesh Dhamaniya	3,242.46	3,242.46
Murali Bhashyam	-	-
	(2,550.87)	(2,550.87)

Figures in brackets are for the previous year.

Note:

The remuneration to KMP does not include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Company as a whole.

*The amounts are determined as per section 17(2) of the Income tax Act, 1961 read with the related Rules.

c) The balances receivable from and payable to related parties
(₹ in thousands)

Transactions	Year	Enterprise having control over the Company	Total
Other financial liabilities (current)- Interest accrued but not due on loan	March 31, 2023 March 31, 2022	- (423.82)	- (423.82)
Trade receivables	March 31, 2023 March 31, 2022	13,079.13 (9,235.73)	13,079.13 (9,235.73)
Other financial liabilities (current)- Security deposit	March 31, 2023 March 31, 2022	2,80,000.00 (2,80,000.00)	2,80,000.00 (2,80,000.00)
Security given for term loan	March 31, 2023 March 31, 2022	- (3,22,655.64)	- (3,22,655.64)

Figures in brackets are for the previous year.

Narayana Hospitals Private Limited**Notes to the financial statements for the year ended March 31, 2023 (continued)**

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

Note:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Narayana Hrudayalaya Limited commenced operation in its Ahmedabad unit on May 3, 2012. As of March 31, 2023, the Company is yet to achieve the above timelines. The Company based on its past projects with government and other authorities believes that the terms/ conditions of grant of leasehold land at concessional rate would be renegotiated and no liability or adjustment to recorded assets is required as at March 31, 2023.

Narayana Hospitals Private Limited**Notes to the financial statements for the year ended March 31, 2023 (continued)**

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

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

As at March 31, 2023, the Company has paid ₹ 54,439.38 thousands (March 31, 2022 : ₹ 54,439.38 thousands) to JDA and accrued the balance payable of ₹ 59,317.37 thousands (March 31, 2022 : ₹ 53,385.73 thousands). The Company will capitalize this amount along with any other payment once it gets the land registered in its name. In the previous year, the Company has assessed the status of the advance paid and on grounds of prudence has recorded a provision for the above advance amounting to ₹ 54,439.48. The Company continues to engage with JDA for resolution of the above.

30 Earnings per share**Basic and diluted earnings per share**

The calculation of basic and diluted earnings per share for the year ended March 31, 2023 and March 31, 2022 was based on profit/(loss) attributable to equity shareholders of ₹ 20,840.01 thousands (March 31, 2022: ₹ (34,527.79) thousands) and weighted average number of equity share outstanding 5,32,61,442 (March 31, 2022: 5,32,61,442).

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit / (loss) after tax (₹)	20,840.01	(34,527.79)
Weighted average number of equity share outstanding during the year for calculation of basic earnings per share (numbers)	5,32,61,442	5,32,61,442
Nominal value per share (₹)	10	10
Basic and diluted earnings per share (₹)	0.39	(0.65)

31 Capital management

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

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

The capital structure as of March 31, 2023 and March 31, 2022 was as follows:

(₹ in thousands)		
Particulars	As at March 31, 2023	As at March 31, 2022
Total equity attributable to the equity shareholders of the Company	6,68,543.07	6,47,776.85
As a percentage of total capital	100%	100%
Short-term borrowings	-	-
Total borrowings	-	-
As a percentage of total capital	0%	0%
Total capital (Equity and Borrowings)	6,68,543.07	6,47,776.85

Narayana Hospitals Private Limited
Notes to the financial statements for the year ended March 31, 2023 (continued)

32 Employee benefits

Defined contribution plan

During the current year, the Company did not have more than 10 employees. Accordingly the provisions of the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 are not applicable to it for the year ended March 31, 2023.

Defined benefit plan

The Company operates post-employment defined benefit plan that provide gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit. This scheme is non funded. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss. The Company accrues gratuity as per the provisions of the Payment of Gratuity Act, 1972 as applicable as at the balance sheet date and accordingly the maximum payment is restricted to ₹ 20 lakhs. The Company have only one employee as at March 31, 2023. Hence, the provision for gratuity as at March 31, 2023 is ₹ 275.05 thousand (March 31, 2022: Nil)

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

Particulars	(₹ in thousands)	
	As at March 31, 2023	As at March 31, 2022
Defined benefit obligations liability	275.05	-
Plan assets	-	-
Net defined benefit liability	275.05	-
Full & final settlement cases	-	-
Liability for compensated absences	192.07	-
Total employee benefit liability	467.12	-
Non-current	195.21	-
Current	271.91	-

B. Reconciliation of net defined benefit (assets) liability

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

i) Reconciliation of present values of defined benefit obligation

(₹ in thousands)

Particulars	(₹ in thousands)	
	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation as at 1 April	-	299.90
Benefits paid	-	-312.47
Current service cost	34.03	11.12
Interest cost	8.77	1.45
Past service cost / (benefit)	-	-
Acquisition / Divestiture	158.46	-
Actuarial (gains)/ losses recognised in other comprehensive income	-	-
-changes in demographic assumptions	-	-
-changes in financial assumptions	-	-
-experience adjustments	73.79	-
Defined benefit obligations as at 31 March	275.05	-

ii) Reconciliation of present values of plan assets

(₹ in thousands)

Particulars	(₹ in thousands)	
	As at March 31, 2023	As at March 31, 2022
Plan assets at beginning of the year	-	-
Acquisition	-	-
Contributions paid into the plan	-	-
Interest Income	-	-
Benefits paid	-	-
Actuarial gain/(loss) on plan assets	-	-
Plan assets at the end of the year	-	-
Net defined benefit liability	275.05	-

Narayana Hospitals Private Limited
Notes to the financial statements for the year ended March 31, 2023 (continued)

32 Employee benefits

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

	(₹ in thousands)	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	34.03	11.12
Interest cost	8.77	1.45
	42.80	12.57

ii) Remeasurements recognised in other comprehensive income

	(₹ in thousands)	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Actuarial (gain)/ loss on defined benefit obligation	73.79	-
Return on plan assets excluding interest income	-	-
	73.79	-

D. Plan Assets

Plan assets comprises of the following:

	(₹ in thousands)	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Pooled assets with an insurance company	-	-
	-	-

E. Defined Benefit obligation

i) Actuarial assumptions

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

	(₹ in thousands)	
Principal actuarial assumptions	As at March 31, 2023	As at March 31, 2022
Discount rate	7.30%	NA
Expected rate of return on plan assets	-	NA
Mortality rate	IALM(2012-14) Ultimate	NA
Future salary increases	7.90% first year; 6.00% thereafter	NA

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

As of March 31, 2023, the plan assets have been invested in insurer managed funds and the expected contributions to the fund during the year ending March 31, 2024, will be approximately ₹ 79.83 thousand (previous year: nil).

Maturity profile of defined benefit obligation

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

	(₹ in thousands)
Particulars	Amount
1st following year	79.84
2nd following year	61.68
3rd following year	47.65
4th following year	36.81
5th following year	28.43
Year 6 to 10	69.89
More than 10 years	25.39

ii) Sensitivity analysis

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

Particulars	March 31, 2023		March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	0.99	1.02	-	-
Future salary increases (0.50% movement)	1.01	0.99	-	-
Attrition rate (0.50 % movement)	1.00	1.00	-	-
Mortality rate (0.10% movement)	1.00	1.00	-	-

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.

33 Financial instruments: Fair value and risk management

(₹ in thousands)

A. Accounting classification and fair values					Fair value			
As at March 31, 2023	FVOCI	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	-	-	13,079.13	13,079.13	-	-	-	-
Cash and cash equivalents	-	-	124.40	124.40	-	-	-	-
Bank balances other than above	-	-	4,009.69	4,009.69	-	-	-	-
Other financial assets	-	-	207.29	207.29	-	-	-	-
	-	-	17,420.51	17,420.51	-	-	-	-
Financial liabilities								
Borrowings	-	-	-	-	-	-	-	-
Trade payables	-	-	4,037.30	4,037.30	-	-	-	-
Other financial liabilities	-	-	3,36,527.54	3,36,527.54	-	-	-	-
	-	-	3,40,564.84	3,40,564.84	-	-	-	-
As at March 31, 2022	FVOCI	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	-	-	9,235.73	9,235.73	-	-	-	-
Cash and cash equivalents	-	-	30.35	30.35	-	-	-	-
Bank balances other than above	-	-	3,850.68	3,850.68	-	-	-	-
Other financial assets	-	-	326.49	326.49	-	-	-	-
	-	-	13,443.25	13,443.25	-	-	-	-
Financial liabilities								
Borrowings	-	-	-	-	-	-	-	-
Trade payables	-	-	1,124.48	1,124.48	-	-	-	-
Other financial liabilities	-	-	3,33,809.55	3,33,809.55	-	-	-	-
	-	-	3,34,934.03	3,34,934.03	-	-	-	-

B. Financial risk management

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

(i) Risk management framework

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

(ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The Company is not exposed to credit risk as its receivables is majorly from holding company, Narayana Hrudayalaya Limited.

(iii) Liquidity risk

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

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

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2023:

(₹ in thousands)

Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Borrowings (current)	-	-	-	-	-
Trade payables	4,037.30	-	-	-	4,037.30
Other financial liabilities	56,527.54	-	-	2,80,000.00	3,36,527.54
Total	60,564.84	-	-	2,80,000.00	3,40,564.84

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2022:

(₹ in thousands)

Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Borrowings (current)	-	-	-	-	-
Trade payables	1,124.48	-	-	-	1,124.48
Other financial liabilities	53,809.55	-	-	2,80,000.00	3,33,809.55
Total	54,934.03	-	-	2,80,000.00	3,34,934.03

Narayana Hospitals Private Limited
Notes to the financial statements for the year ended March 31, 2023 (continued)
(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The Company does not have any transaction in foreign currency and the interest on the borrowing is also fixed rate. Hence, the Company is not exposed to market risk.

34 Financial Ratios

Ratio	Methodology	For the year ended March 31, 2023	For the year ended March 31, 2022	Variance
(a) Current ratio	Current assets over current liabilities	0.21	0.17	23.53%
(b) Debt equity ratio	Debt over total shareholders' equity	-	-	0.00%
(c) Debt service coverage ratio	EBIT over current debt	-	-	0.00%
(d) Return on equity %	PAT over total average equity	3.17%	-5.33%	8.50%
(e) Net capital turnover ratio	Revenue from operations over average working capital	-0.14	-0.14	0.00%
(f) Net profit %	Net profit over revenue	68.40%	-113.24%	181.64%
(g) Return on capital employed %	PBIT over average capital employed	3.12%	-5.01%	8.13%

Notes

EBIT - Earnings before interest and taxes

PBIT - Profit before interest and taxes including other income

PAT - Profit after taxes

Capital employed refers to total shareholders' equity and debt.

Explanation for Variance exceeding 25%:

¹ Net profit Ratio has improved due to reduction in expenses in current year

35 Other Statutory Information

(i) There are no balance outstanding on account of any transaction with companies struck off under Section 248 of the Companies Act 2013 or Section 560 of Companies Act 1956.

(ii) The Company do not have any Capital-work-in progress or intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan.

(iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding that intermediary shall:

(a) Directly for indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the Ultimate beneficiaries

(iv) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that

(a) Directly for indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the Ultimate beneficiaries

(v) The company doesn't have any transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(vi) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

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

Sd/-
Dr. Devi Prasad Shetty
Director
DIN : 00252187

Place: Bengaluru
Date: May 19, 2023

Sd/-
Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 19, 2023

Sd/-
Lokesh Dhamaniya
Chief Financial Officer
Place: Bengaluru
Date: May 19, 2023

Sd/-
Sridhar S
Company Secretary
Place: Bengaluru
Date: May 19, 2023